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# **National Brand of Ukraine**

## **Monograph**

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# **Abstract**

The monograph is devoted to theoretical, methodological and practical issues of Ukraine's nation brand formation in the context of global competition. The public administration mechanisms in building the relations of the authorities with the public are considered as one of the components of the process of a nation brand formation.

The methodical approaches to nation brands evaluation are determined. An estimation of Ukraine's nation brand is made. The results of the analysis of Ukrainian exports dynamics are presented. The national goods export prospects are determined. The preconditions and purpose of Ukraine's export brand development are defined. The analysis of brand protection policy in Ukraine, including the UATAG Ukrainian startup, which provides an innovative technology for branded goods protecting, is presented.

The actual problems of formation of brand and branding strategies taking into account branch specifics are investigated. Facilitation for small entrepreneurship from the state is revealed due to increase of small businesses potential, their innovative activity, social responsibility to society, efficiency and effectiveness of their economic activity, which is the key to improving the macroeconomic situation in the country and one of the conditions for successful nation brand building.

The monograph is intended for scientists, teachers, managers and specialists of enterprises and organizations, representatives of state authorities, post-graduate students, doctoral students and students of Ukrainian and foreign higher education institutions.

# **Keywords**

Nation brand, nation branding, export brand, country brand, country branding, place brand, place branding, state brand, state branding, innovation activity, international ranking.

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## Preface

Formation of country positive image as a factor of nation competitiveness is an important prerequisite for the successful domestic goods and services exports to international markets. The country positive global brand allows it to influence on international relations, increases its investment attractiveness, provides an influx of skilled labor and tourists, and also allows using the advantages of the global economy for national economic development.

The analysis of modern concepts in the field of nation branding has proved the existence of unresolved issues in terms of determining the essence of the nation brand as a global instrument for the country competitive advantages development, its relationship with other categories of national marketing – country vision, image, reputation, which largely determined the strong ambivalence of research, taking into account multidisciplinary of these concepts. The role of the nation brand in the state position in the processes of global competition needs to be clarified.

The corporate profile of brand analysis has shown that strong brands contribute to the formation of a national culture and image of the country. Many companies use the country of origin brand effect to promote their products to the global market and increase their profits accordingly. As it has shown in the study of the interdependence of the number of international brands created by the country and the global index of competitiveness of countries of the world, country image and export of brands interact with each other, because if country image is improved, the cyclical mechanism is launched: the country promotes brands, and brands promote countries.

Proceeding from the multidisciplinary of the studied concepts and the critical analysis of scientific research in the field of nation branding, the brand construct has been formulated in the national imedgeology system, which involves the formation of a vision (established characteristics) under the influence of conditionally static factors (natural resource potential, national and cultural heritage, geopolitical factors; historical events and the prominent citizens contribution, the basic form

of state and governance structures), conditionally dynamic sociological factors (socio-psychological sentiment in society, forms of socio-political integration of citizens, moral and ethical aspects of the society development) and conditionally dynamic institutional factors (economic system, legal space, power (management) structure), and the formation of a brand, which is classified by the levels (corporate, regional and national), on the basis of positive image (including thoughts of residents (representation) and non-residents (perception)). These elements form the country reputation system in order to form and implement reputational capital in a global competitive environment.

The key determinants of country brand formation are: national image of a country, reflecting the socio-economic, political, cultural potential and its relevance to the brand offered to the world community; availability of the institutional base and coordinated activities of the relevant state structures; large-scale investments in the nation brand promotion; significant investments in tourism; PR-campaigns in the world through the media industry networks; emphasis on the strengths of the organizational and economic structure of the state, a thoroughly thought out strategy of support and development of state image, adopted at the government level, implemented consistently and constructively.

The determinant system of nation brand formation that covers objective (elements of national image), subjective (institutional base, financial resources and state policy) and objective-subjective components (state image conformity to the nation brand; using national image strengths; using the economic achievements of the country), is a theoretical and practical basis for the development of innovative technologies for the formation of the nation brand promotion in the global economic and political space.

The analysis of the use of nation brands in the global economy, reflected in the global indexes of nation brands, has shown that such countries as: the USA, China, Germany, Japan, the United Kingdom, France, Canada, maintain a consistently high ranking in the ratings of *Brand Finance* organization (*Anholt-GfK Nation Brand Index*), *Bloom Consulting* agency (*Country Brand Ranking*), and *Future Brand* company (*Country Brand Index*). As a result of a thorough analysis of the components of these ratings, the factors, directly influencing the formation of the nation brand, are summarized: development of the investment segment, which includes domestic investments, analysis of the possibilities of the domestic investment development, as well as the analysis of the degree of risk; development of export potential of the country and reduction of

imports as an incentive to increase employment and provide domestic markets for domestic producers; development of human capital as a factor of innovation production improving; the development of international tourism as a factor of the formation of positive country image.

The study of rating of PWC organization, created on the basis of measuring of the corporate brands market capitalization, has proved the stable interdependence between the presence of strong corporate brands with high positions of the nation brand.

In contrast to complex global ratings, such as *Anholt-GfK NBI*, *"The Good Country" Index*, *Brand Finance NBI*, *CBI Future Brand*, *GCI*, where Ukraine occupies rather low places (46, 87, 61, 74, 81 places respectively), it shows obvious progress in "point" ratings that assess the economy state in one or several close directions. In particular, the tax burden rating (43), *Doing business* rating (76), industry ratings: iron ore mined in the country (7th place in the world), potato production (4th place in the world), arms exports (9th place in the world), the leaders places in the world in the export of agricultural products (sunflower oil, barley, corn, honey, wheat, flour, flakes).

It is stated that taking into account the low starting positions, Ukraine could rise above in the system ratings. According to individual components, the country receives the lowest estimates in areas related to the quality of governance. This is protection of property rights, the level of corruption, the efficiency of the judicial system. In this case, external factors do not play a role, because everything depends on the political will of the power branches. The result will be not only the improvement of the position in the ratings (which is good, but should not be the main goal), but also capital inflows from foreign investors, for whom the weak protection of property rights remains the main obstacle, the growth of bank lending, the development of national business and, as a consequence, the growth of the economy and the welfare of citizens. All this will affect the improvement of country image in the world.

The value of Top-100 most expensive Ukrainian brands is 0,03 % of the value of the Top-100 world's most expensive brands, while most of them (78 %) belong to the brands of the food industry and retail, which shows the orientation of the Ukrainian leading companies mainly on the domestic market, carrying it out at the expense of imports, which determines its growth. Among the main obstacles affecting the competitiveness of Ukrainian companies on the global market are identified: "supply" obstacles (low labor productivity and low labor mobility, difficulty in credit obtaining, low level of domestic and foreign direct

investment, insufficient innovation support system); "doing business" (insufficient competition in some sectors of the economy, outdated transport infrastructure and industrial structure, over-regulation and bureaucracy of procedures, lack of effective means of intellectual property rights protecting, inefficiencies in customs procedures and low level of institutional support); "development" obstacles (high levels of poverty, population decline, outflow of skilled workers, interregional differences, and a number of others).

The foreign economic image of Ukraine should be considered as a kind of project activity, which includes: purposeful formation of a positive attitude towards the country of potential foreign trade partners, investors, tourists; achieving political success in the international arena; promotion of elements that demonstrate the uniqueness of the country in the world; conducting of international advertising campaigns of educational character; a dynamic response to unjust attacks against the country and its citizens.

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# **Chapter 1**

## **Nation brand in the face of global competition**

### **1.1 Genesis of a nation brand creating as a competitive advantage on global markets**

Global competition forces countries to search for their individual characteristics in order to position themselves in the international economic environment and strengthen their own competitive positions. In today's conditions, the issue of forming a positive state image is becoming topical as a factor of national competitiveness, which is an important prerequisite for the successful export of domestic goods and services to international markets. A positive global brand enables the country to influence its international relations, increases its investment attractiveness, provides an influx of skilled labor and tourists, and also allows using the advantages of the global economy for national economic development.

The post-industrial society offers qualitatively new models of global competition of countries of the world. From the standpoint of real politics, the symbolic value of the state is gaining increasing importance on the world stage and has an extremely strong influence on economic development and the socio-political situation within the country. Under current conditions, nations are involved in competition for investors, intellect, tourists, cultural and political influence. And all this directly affects the economic growth rate and living standards of the country population. In itself, state regulation has ceased to be purely an administrative process, but has become symbolic. The state becomes for the person the object of symbolic comprehension — not only in ideological, but in figurative advertising characteristics. Today, states should act in the same way as international corporations, which have focused on brand building [27].

Just as business moves from the production of goods to the production of brands, so the emphasis in the state's approach to governance should shift from the current situation managing and attempting to predict its development to this situation forming and its further development determining. And

this can only be achieved through the brands building and their management across the state [3].

Since the business branding principles were the basis of the nation branding concept, in order to understand this process essence and clarify the term "nation brand" it is necessary to investigate the corporate context of this issue.

Analysis of studies and publications has shown a significant interest in the problems of brands developing and promoting in the economic literature of developed countries. In particular, this question has been investigated by J.-N. Kapferer [67], F. Kotler [70], D. Bowen [9], J.-J. Lamben [72] and others. In addition, such experts as J. Lambin, S. Davis [61] and other authors has made an emphasis on the brand value, image and individuality. The problems associated with the creation of successful brands, have been outlined in the works of C.J. Werkman [53], G. Charmson [109].

The origin of the term "brand" comes from the terms "chop", "mark", "stamp" [63], although there is still no unity in the etymology of this term. For example, some researchers assume the Scandinavian roots of this term, and J. Barlow and P. Stewart argue that this term comes from the English language in the meaning of "torch flame" [45]. Therefore, branding refers to the assignment of a brand of goods, trademark policy, labeling [47]. Different authors, defining a brand from different points of view, distinguish specific features in it, so the established definition of this term does not exist up to now. By definition of the well-known marketer F. Kotler, a brand is a term, name, design or symbol, denoting a certain type of product or service of an individual manufacturer and distinguishing it from the goods and services of other manufacturers [71]. In the works of P. Temporal, it is noted that a brand is a combination of relationships between goods and consumers [104]. D. Ogilvy, considers that the brand is an elusive amount of product properties: its name, packaging and price, history, reputation and advertising method, as well as a combination of the impression, which it produces on consumers, and the result of their experience in brand using [83]. D. Traut defines the brand as a good idea plus penetration into the consciousness of consumers [105]. V. Muzykant defines a brand as a set of the consumer representations and expectations regarding a particular "branded" product, while a trademark, he notes, is separate elements of the corporate style that allow the consumer to identify the product and allocate it from the product group [80]. M. I. Yandiyev describes a brand as a phenomenon when there is mass production of the same type of emotion as an independent product intended for distribution. Branding also refers to the art of a trademark promoting in order to form long-term advantages to it [61, p. 15]. Finally, it is believed that the brand is a trademark that causes positive associations among the majority of the population.



Also, many researchers point out the quantitative characteristics of the term "brand". So, Scott M. Davis, T. A. Laney E. A. Semenova and S. A. Shilina concludes that the product is a brand if [73]:

- a) it is available to 75 % of consumers;
- b) 75 % of the audience can determine the area of activity by only one brand name;
- c) the minimum share in 20 % of buyers from the audience uses it on a regular basis;
- d) the minimum share in 20 % of consumers can correctly identify the key brand characteristics;
- e) the product has existed on the market for at least five years;
- f) consumers will always pay for this product more than for similar goods in this product category. Therefore, in our opinion, if all the target audience is aware of the product and it is available on the market, but it is not bought, then in this case it is not a brand.

Many researchers often confuse two different terms — "brand" and "trademark", and such confusion is found even in scientific literature. The problem arises because in the English literature the above concepts are denoted by different words — "brand" and "trademark", respectively. In Ukrainian literature, "trademark" is the more commonly used concept (which, depending on the context, may designate both a brand and a trademark). In our opinion, the concept of goods and services brand is wider than the concept of a trademark, because it additionally includes: the product or service itself with all parameters; set of expectations, emotions, characteristics of associations, which are perceived by the user and attributed to goods (brand image, image of the product); information about the buyer; the promise of some advantages from the brand author to consumers, that is, the meaning that the creators have invested in it. Consequently, not every trademark can become a brand, for this it should gain popularity on the market and consumer confidence.

The branding evolution takes its actual start in the transition to the machine mode of production from the manufactory (for example, in 1870 the US Congress ordered that the trademark owners must send the description and name of their brand to the Patent Office and pay a certain fee) [69]. The introduction of the first brands to the market began at the end of the XIX century, after entering the goods of mass demand on the global market. Large companies tried to keep their customers with the help of branding with the expansion of its sales geography in the early XX century. The classical model of brand management emerged in 1931, when the manager of Procter & Gamble proposed a new approach to product promotion based on brand. New brands appeared in the course of mass industrialization of the world economy and as a result of the TNC development. There was a splash of brands in all categories of goods as a result of the consumer boom for fast moving consumer goods (FMCG) and increased international competition.

Various application aspects of the brands use began to emerge in the period after the Second World War, and brands became an essential attribute of scientific research and people's life.

At the beginning of the XXI century the brands role is growing against the background of serious changes in the field of international entrepreneurship, under the influence of new management and information technologies. Branding has become an independent sphere of activity and a method of doing business at the TNC's level. The literature notes that the branding process begins when there is a clear reaction to the symbol or logo of the company in the consciousness and soul of the consumer [45]. Therefore, branding forms different advantages of differentiation at the first stage. The essence of branding is to make the brand stronger than its constituent elements. According to well-known branding expert Kevin Roberts, classic brands have disappeared, because instead of being owned by consumers, they exist on their own [99].

Thus, the corporate foundations study has shown that branding is a focused brand development and management activity, and a trademark is the object of market promotion for branding.

Based on the analysis of foreign experience in using the branding concept, we can highlight its following advantages for companies:

- a brand creates natural barriers on the market (or on the its segment) for new competitors;
- facilitates the new goods introduction to the global market and allows it to explore new niches of this market actively;
- allows a company to more successfully survive in global financial and economic crises without additional costs, because the brand gives it an additional time to develop and implement a more effective strategy and allows a company to successfully pass market crises and maintain its position without additional expensive advertising campaigns or a significant reduction in prices of their products;
- allows a company to clearly distance its product on the market of competitor's goods;
- if a brand is created and is functioning, then competitors need quite significant costs for its attack, which for most of them may not be available.

It should be noted that strong brands also contribute to the formation of a national culture and country image. Many companies use the effect of the country of origin brand to promote their products to the global market and increase their profits accordingly. Country image and the brands export interact with each other, because, if country image is improved, a cyclical mechanism is launched: the country promotes the brands, and brands promote the country.

In today's conditions of social development it is extremely important to consider branding through the prism of strategic management: it significantly affects the profitability and development success of the entire

company. In addition, branding forms the competitive advantages of the corporation on the basis of optimizing its foreign trade activities, as any company exports goods and services that have the brands status more efficiently and effectively. And the brand status, in turn, contributes to the increase of added value from exports. In other words, branding is becoming an instrument of competition on global markets. It is true that, as a result of increased competition on the domestic market and as a result of the globalization of the world economy, manufacturers are forced to find new ways of gaining consumer loyalty [56], so branding is viewed by some researchers from the standpoint of ensuring the country economic security [48].

Along with the creation of commercial corporate brands, the current problem is the creation of a nation (country) brand to solve problems related to the countries competitiveness improving in the world economy. Over the past decades, a large number of countries (for example, Japan, developing countries and countries with economies in transition) were included to the international division of labor, there, after the Second World War, dominated only the United States and Western European countries. These developing and other countries were able to push the leaders on their traditional markets.

In 1998 Simon Anholt, a British marketing consultant, wrote an article in which he argued that countries and nations could be equated with trademarks and brands. He noted that: every city, region, country must compete for tourists, investment, trust, reputation and respect from the world media in a global world; country image is its competitive advantage; country branding is a strategic approach to the development of this advantage and vision of where the country can move; without such a vision, the country will not be able to compete; we do not believe in advertising, we believe that others are talking about the country thanks to companies, allies, words that other people are talking about, and which country speaks of itself [42].

The article raised interest and discussion both in scientific circles and in public officials. However, the practice of countries and entire nations branding has appeared and, moreover, — has been actively developed.

Thus, many leading foreign and domestic scientists have already devoted their work to the nation brand issue researching, among which K. Asplund, S. Anholt, I. Burakovsky, T. Zavgorodnaya, J. Johansen, M. Kavartzisa, N. Kaneva, F. Kotler, J. Christensen, J. Leifeld, M. Mailanen, V. Miroshnichenko, A. Pankrukhina, G. Polishko, C. Ryerson, D. Reesto, A. Starostina, G. Szondi, D. Trauta, D. Heide, M. Khan, G. Hankinson, T. Tsygankova, R. Schuler, L. Shulgina and others should be noted. However, a critical analysis of these and other works has shown that there are still gaps in this area in terms of determining the essence of a nation brand as a global instrument for the development of the state competitive advantages, its relationship with other national marketing categories — country vision,

image, reputation, which largely predetermined strong heterogeneity of due to the multidisciplinary nature of these concepts. Most of the domestic studies is made up of different pieces of mosaics in the field of image-visualization of the country, which is yet to be compiled.

There are many definitions of image. The Sociological Encyclopaedic Dictionary provides two definitions at once:

- image is an external vision, created by a subject with the purpose of evoking a certain impression, opinion, attitude in others;
- image is a set of properties attributed to object by advertising, propaganda, fashion, superstitions, traditions, etc. in order to cause certain reactions in relation to it.

Country image is a complex of objective interrelated characteristics of the state system (economic, geographical, national, demographic, etc.), which were formed in the process of evolutionary development of statehood as a complex multifactorial subsystem of the world structure, which links interaction effectiveness determines the trends of socio-economic, social-political, national-confessional and other processes.

State vision is a base that determines the country reputation in the minds of its citizens and the world community as a result of certain actions of its subjects, interacting with the outside world. The positive state perception within the country and in the world is the key to the success of global political, social and economic changes.

The dominant role is played not only by pragmatic reforms in the economic sphere, but also by optimizing the structure of power and governance. It is also important what image state gains, how effective are the created the mechanisms of social and psychological motivation and neutralization of negative attitudes, if such, exist.

Country image includes a number of key elements that make up its structure:

- democracy image;
- authority image;
- national economy image;
- armed forces image;
- country foreign policy image;
- perception of citizens for their country image;
- state information policy image, etc.

National vision is formed under the influence of the following factors, which can be classified in three groups:

1. "Conditionally static" factors of national vision formation:
  - natural resource potential;
  - national and cultural heritage;
  - unregulated (permanent) geopolitical factors — geographical location, area of the territory, the length of the borders of the state, access to the seas, etc.;

- historical events that influenced the development of statehood (conquests, major scientific and geographical discoveries, etc.), as well as the prominent citizens contribution, whose image is inextricably linked with the history of the country development;
- the basic form of state and governance structures.

2. "Conditionally adjusted dynamic" sociological factors of national vision formation:

- socio-psychological sentiment in society;
- forms of socio-political integration of citizens, structure, nature and principles of the activities of country socio-political associations;
- moral and ethical aspects of society development.

3. "Conditionally adjusted dynamic" institutional factors of national vision formation:

- economic system stability, which is estimated by a set of indicators of GDP dynamics, per capita income, volume of attracted investments, financial security of all levels budgets, guarantee of rights and freedoms of economic entities operating in the national market of the subjects of the economy real sector, etc.;
- legal space and compliance of national legal norms with international requirements;
- functions, powers and mechanisms of state regulation of various spheres of activity in the state (efficiency of the power structure).

As shown by the analysis of foreign scientific researches, there are several types of the country.

According to the perception of a subject (country) vision there are internal and external visions. The carriers of the internal vision are citizens of this country, the external – its guests and the population of other countries. On the same basis the purposefully formed region vision (image) is divided into that is supplied and that is perceived. Supplied image reflects the views of residents on their perceptions of the rest of the population. Perceived image is the opinion of non-residents about this country. If the supplied and perceived images are significantly different from each other – this means that the image subjects incorrectly position their country.

There are individual and group visions according to the number of carriers of a country vision. Group, or social, vision of the region is created by imposing set of individual one on another. A number of social visions is created by a large group of people. Group visions are necessary for the individual to function successfully within his environment. Every individual vision is unique. It covers some content that is never or almost never transmitted to others, but at the same time more or less coincides with the social vision.

By way of perception tangible and elusive elements can be distinguished in the country vision. A tangible vision is created as a result of perceptions of the country through the senses: the impression of the country consists of what you can see, hear, feel, breathe and touch. This type includes everything, from

the name, its symbols, ending with the architecture and purity of the streets. The intangible vision of the country is an emotional connection to a certain place. Often the media form the premise of an elusive vision.

Thus, image, a vision and brand are different concepts, although, as shown by the analysis, they can be used as interchangeable depending on the nature of the research. The following conclusions can be drawn considering the multidisciplinary nature of these concepts and based on the critical analysis of scientific research in the field of nation branding:

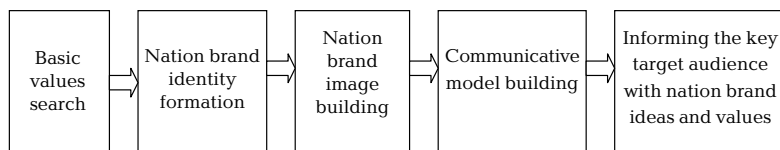
- most often the concepts of image/vision/brand are not seen in the complex, but in pairs, which is quite remarkable. Image/vision and image/brand;
- concept "vision" is more often used in theoretical-cultural or philosophical context, "the brand" – in the utilitarian-practical, and "image" – can occur in both of these contexts, which is spoken of its "middle" definition;
- vision is more often associated with already existing, self-formed representations, image – with existing, but changing representations in general (in various fields, areas of activity), brand is related to the field of economics, tourism and practical marketing;
- there are many definitions of image through a vision, but there is no definition of a vision that would be determined by the concept "image" [74].

Based on the selected features and analysis, conclusions can be drawn on the content and correlation of the concepts "image", "vision" and "brand" of a country. The most common (even when the authors avoided conceptualization) was the position according to which a vision of a country is the most general category, which covers the whole scope of ideas about a country – from philosophical analysis to applied research. Image of a country is a narrower concept in this case and means a vision that they are trying to influence with the purpose of change. Brand of a country assumes the implementation of positive characteristics of the country in order to profit, which, on the one hand, brings it closer to image, and on the other hand, draws a border on the sphere and the purpose of implementation.

A simplified model of nation branding can be presented according to the systematization of these definitions (Fig. 1.1).

Further, we will focus on the study of the concepts of nation brand and nation branding in the context of their formation and use by the country in order to gain and consolidate competitive advantages in global markets.

Simon Anholt defines country branding as a systematic process of coordinating the country's actions, behavior, investments, innovations and communications to implement a competitive identity strategy [42]. A country brand is the associative model that the individual's consciousness contains (both a resident of this country and a citizen of another) and to which he appeals, hearing the country name.



**Fig. 1.1** Simplified nation branding model.

*Source: Built by the authors*

As noted above, corporate and nation branding are interrelated. When country brand image begins to improve, the cycle starts to run: a country promotes brands, and brands promote the country's credibility on the world and political scene, provide its economy with a high *Business Competitiveness Index* that is linked to the *Global Competitiveness Index* (Table 1.1).

In this regard, it can be noted that Ukraine, which does not own any of brands included in the "Top 100 Most Valuable Global Brands" ranking released by *WPP advertising group* and *Kantar Millward Brown*, occupies only the 81st place by the *Global Competitiveness Index*, and the United States, which owns 54 brands, takes second place (after Switzerland) and has the largest set of positive brand attributes: the country is associated with the pronounced youth-style (*Coke, Pepsi, MTV, Levi's, Wrangler*), sporting power (*Nike, Reebok, NBA, Champion USA*), a technological advantage (*IBM, Compaq, Dell, Cisco, Hewlett-Packard, AT&T, Motorola, Intel, Microsoft*); the country is well attended (*Boeing, Marriott, Avis, NASA, HolidayInn, Sheraton*), well informed (*CNN, Time, Newsweek, National Geographic, NBC, Reuters*), as well as rich and influential (*American Express, Merrill Lynch, JP Morgan, Forbes, Citibank, Diner's Club, Western Union*).

Such a rather versatile leadership gives american brands credibility in areas that were once considered to be pure European: fashion (*Calvin Klein, Donna Karan, Tommy Hilfiger, Ralf Lauren, The Gap*), cosmetics (*Elizabeth Arden, Revlon, Max Factor*) and even food, although at the level of everyday food (*McDonald's, Pizza Hut, KFC, Taco Bell, etc.*). The basis of US power is that it was viewed by most consumers as the best country in the world for the three most valuable and beneficial business sectors: entertainment, banking and information technology. Such attributes helped to create a powerful US state brand. It can be just one of the privileges of a powerful and productive nation, but in addition, it undoubtedly also is a result of the fact that the USA is quite effectively forming its country's brand.

In the works of such scientists, as A. Pankrukhin, F. Kotler, D. Heide, there are multidisciplinary tips on country branding through the effectiveness of using geophysical, financial, industrial, personnel, intellectual and technological resources of the country. Such scientists, as N. Kalyuzhnova, S. Kashirskaya, L. Shulgina, are convinced that region image is a country competitive resource, and the higher the competition between the regions, the more influential the country's brand. The problems of cities brand form-

ing (components of a country brand) were engaged by such scientists, as M. Maylanen, D. Rainesto, M. Kavartzis, G. Ashworth, K. Zenken, S. Brown, D. Vizgalov, O. Soskin, in particular of small towns brand forming — O. V. Dracenko, N. Yu. Glinsky, O. I. Kariy and others.

**Table 1.1** Interdependence of the number of international brands created by the country and the *Global Competitiveness Index* of countries worldwide in 2017 – 2018 years

Country	Number of brands ranked in "Top 100 Most Valuable Global Brands"	Global Competitiveness Index of the country*	
		Value	Rank (among 137 countries)
United States	54	5,85	2
China	14	5,00	27
Germany	7	5,65	5
Japan	5	5,49	9
France	4	5,18	22
United Kingdom	4	5,51	8
Australia	3	5,19	21
Spain	2	4,70	32
Canada	2	5,35	14
South Korea	1	5,07	26
Sweden	1	5,52	7
Austria	1	5,25	18
Italy	1	4,54	44
India	1	4.59	40
Ukraine	—	4.1	81

\* For reference: The *Global Competitiveness Index* consists of more than 100 indicators, which are grouped into 12 policy domains (pillars) ("Institutions", "Infrastructure", "Macroeconomic environment", "Health and primary education", "Higher education and training", "Goods market efficiency", "Labor market efficiency", "Financial market development", "Technological readiness", "Market Size", "Business sophistication" and "Innovation"), which are united by 3 three principal categories (subindexes): "Basic requirements", "Efficiency enhancers" and "Innovation and sophistication factors".

Built by the authors according to [18]

V. Miroshnichenko claims that nation branding is a reputation and image of the country [79], however, firstly, it is a process of brand building and management, and secondly, these are not identical concepts, as it was established earlier.

A country (state) brand is usually understood as a set of thoughts, feelings, associations, and representations that arise in a person when he sees or hears the name of a certain country, or buys a made in it goods. In fact, a



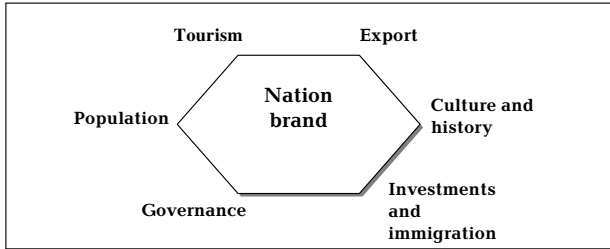
country brand is a product designed for a specific purpose based on world or domestic demand for it.

This is a complex trade offer, an emotionally saturated trade mark that has not only a name or design solution, but also contains a whole range of associations and identifications, thanks to which consumers perceive it. In other words, the state brand is a sign of a political symbol, which reflects some of the feelings that, in their totality, exist in the form of their country honoring and provide a kind of emotional unity of all its regions [111].

According to the definition of the *World Tourism Organization* (*United Nations World Tourism Organization*), a country brand is a set of emotional and rational representations, which is the result of a comparison of all the country features, own experience and rumors that affect the certain image creation [79]. Accordingly, a whole chain of associations immediately arises in relation to that country when mentioning a state name (a country brand). For example, China and Iran position themselves and, accordingly, are perceived by the world community as a countries with a powerful military-industrial complex. Japan is a high-tech brand representing the world of new generation technology. France is a brand of high fashion and exquisite taste (wine, flavors, fashion designers, Louvre). Banks that have never been robbed in history have become the business card of the "world safe" — Switzerland. The Netherlands is perceived by many as a country of developed democracy with a high level of personal freedom. Austria is called a country of music, "fabulous" country — Denmark. These brands do not have a purely political content, but they are successfully presenting the present political systems. The set of associations honored by citizens of their own country are carefully inherited and presented, and with the help of which the country global identification takes place, can make the national idea effective in this state, its national leader — successful, national security — is stable, and the state itself is an equal participant in the world political processes.

According to S. Anholt, a nation brand assumes the country perception by the following indicators: efficiency of governance, richness of cultural and historical heritage, country investment prospects, quality of exported goods, tourism (tourism potential), population of the country (human capital), as well as country attractiveness as a place of residence [41]. These factors make up the already well-known hexagon of nation brands, which reflects the main indicators of the nation brand (Fig. 1.2).

Analyzing the factors that make up the hexagon, it can be argued that the importance of the factor of history and culture is determined by the potential of the historical and cultural heritage of the country, which includes historical monuments, well-known personalities (cultural and state figures, writers, scientists, athletes, etc.), modern country culture potential (literature, art, cinema, music), correspondence of state cultural activities with the mental characteristics of its citizens.



**Fig. 1.2** The main elements of a nation brand.

*Source: [41]*

Effectiveness of a governance factor and transparency of government activities (a political factor of a state brand) is estimated by country political power influence to peace and security strengthen in the world and by governance effectiveness in the social sphere (poverty reduction, global warming, etc.).

A factor of country investment prospects (an economic factor) and country attractiveness as a place of residence combines such indicators as: economic and social situation in a country, country attractiveness for labor resources (employment opportunity), higher education brand recognition of.

An exported goods quality factor (a foreign economic factor of a state brand) is determined by such parameters as: a level of science and the latest technologies development in the state and recognition of the brand "Made in ...".

Effectiveness of a country population factor is determined by the mental characteristics of society (a social value factor of a state brand), because, according to S. Anholt, country population can be regarded as a component of a nation brand, as it is the only channel for brand promotion [4]. Indicators of this factor are society communicative potential (level of citizens communicability) and tolerance.

Importance of a tourism factor is determined by country tourism potential (desire to visit a country, provided that material opportunity is not limited), as well as recreational opportunities and tourist historical heritage.

According in opinion of many experts, a significant component of a country brand is country "individuality", that is, the image of self-perception, which corresponds to reality and must be related to the objective interests of citizens, is the basis for nation brand identity and includes, on the one hand, official "recognizable" its characteristics, forming a complex of visual, verbal and other features, which identify the country (place on the map, name, coat of arms, flag, anthem, etc.). On the other hand, country "individuality" also includes the characteristic

of a set of country features and resources, which include: natural, demographic, historical, social and cultural features and resources; economic features and resources; organizational legal and informational features and resources.

Country "individuality" also reflects the technologies and approaches to work, trust of partners and expert information, level and quality of leadership, degree of corruption, features of communication, and other. All these factors affect the country brand, image and competitiveness. In the West and the post-Soviet countries, the problems of building and promotion of a country brand and image today are most often interpreted from the standpoint of determining the strategic priorities of its development and even national idea formulation.

A nation brand is characterized by national features that are common of all social groups and individuals. Scientists note the priority of economic component of a country brand, emphasizing that influential brands are positioned through products and services that are the result of state economic activity.

In our opinion, in context of market globalization, country image of acts as strategic capital, which provides goods promotion abroad. And in connection with this statement definition of a nation brand can be formulated as follows. A nation brand is a set of established values that reflect the unique original characteristics of a country and its population, which have gained public recognition and popularity, enjoying a stable demand. A nation brand is formed on the basis of country pronounced positive image, and is higher manifestation of emotional advantages, the most important factor of the country competitive advantages, an asset of national economy.

In addition to the concepts of a vision, image and brand of a country that have already been considered, a state reputation concept is often found in scientific literature and is a basis for national reputational capital building. Reputation is the broadest concept and includes already formed nation vision, image and brand.

As in aggregate considered phenomena form reputation as common opinion about a state, so it is fixed in time in consciousness of the target groups based on of evaluations of various aspects of their activity.

One can agree with A. Sokolova and state that state reputation capital is a complex system, which includes impressions and knowledge about the characteristics of a reputation carrier in mass consciousness of target groups, and which can be an intangible asset that benefits in form of material, social, political and other investments [101, p. 179]. State reputation capital is a significant intangible asset capable of ensuring a stable state position in the international arena, investment in the economy, socio-demographic comfort within the country. State reputation capital is constructed and implemented in order to more easily and efficiently

solve the state tasks: profitable economic unions creation, partnerships establishment with other countries in the international arena, obtaining loans possibility. State reputation is a basis of forecast of its behavior by other international subjects and decision-making on interaction with this state. Negative state reputation can lead to such decisions and actions towards it, which in turn may aggravate reputation of a subject of these decisions and actions. Positive reputation contributes to achievement of current and strategic political goals and objectives.

Considered concepts and their relations form a system of modern imageology, which we present in the work as a theoretical construct of nation branding elements (Fig. 1. 3).

The main task of any state branding, or country branding, is the creation and maintenance of positive associations about themselves, their citizens and products, sometimes activities aimed at changing unfavorable stereotypes, that do not correspond to reality, but the main goal is to promote welfare growth of citizens of a country.

In general, a brand is a synthesis of such concepts and situations:

- 1) products or services;
- 2) a familiar sign or a set of symbols;
- 3) certain ideas, associations, arising in the consumer when referring to a particular product;
- 4) the name that people use when they talk about the product to someone else;
- 5) something that can characterize a person who has such a product;
- 6) a familiar name for which people are willing to pay more [75, p. 101 – 103].

From year to year, corporate brand rankings are determined, corresponding activation or reduction of corporate branding efforts is carried out.

So, in 2005, analyst S. Anholt [2] ranked the attractiveness ranking of "nation brands" of countries (*Anholt Nation Brands Index*) based on a survey, conducted by the international analytical agency GMI, concerning the perception of the cultural, political, commercial characteristics of 25 developed and developing world countries, their investment and tourism attractiveness, and also taking into account the human factor. The top five countries with the most successful "brands" were Australia, Canada, Switzerland, United Kingdom and Sweden. The United States took 11th place, Poland – 19th place, China – 21st place, Czech Republic – 23rd place.

Since 2010, the United States and Germany have consistently held the first and the second places, respectively, in the Anholt-GfK Nation Brand Index. However, in 2017, the situation has changed – Germany came out on top, and the United States shifted to the sixth place (Table 1.2).

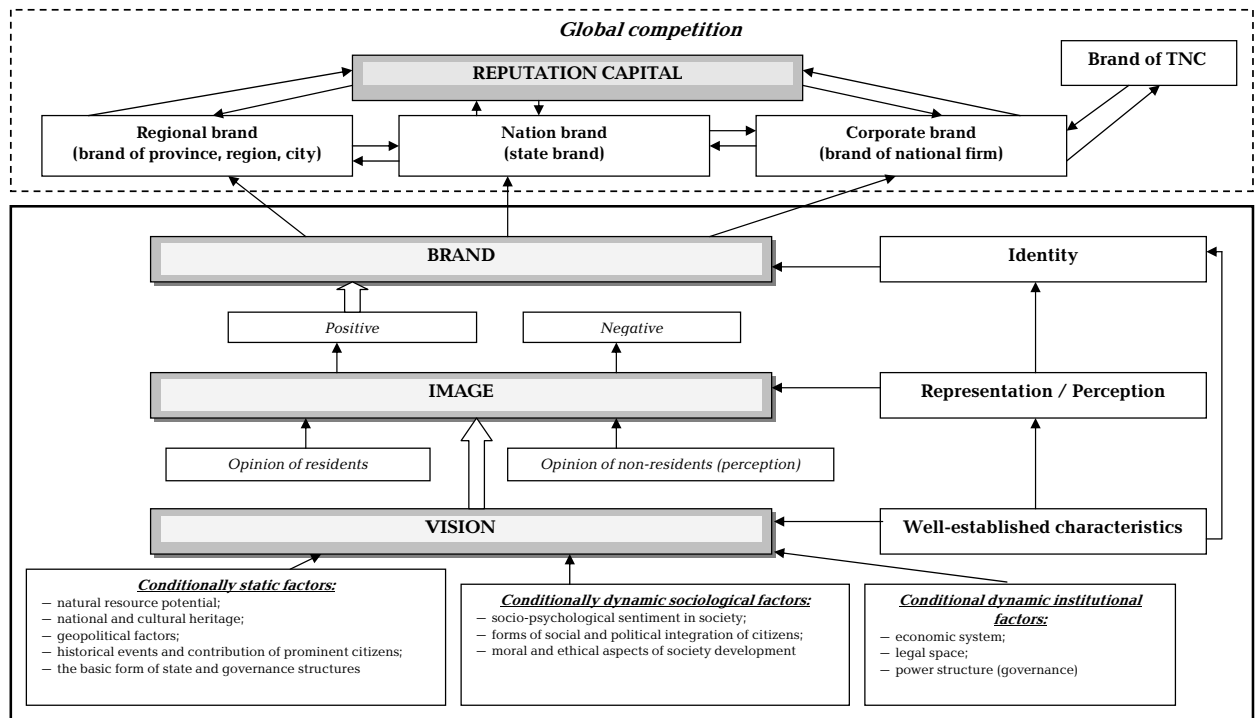


Fig. 1.3 Brand construct in the system of national imageology.

Source: Built by the authors

**Table 1.2** Anholt-GfK Nation Brand Index (2010 – 2017)

Rank	2010	2016	2017
1	United States	United States	Germany
2	Germany	Germany	France
3	France	United Kingdom	United Kingdom
4	United Kingdom	Canada	Canada
5	Japan	France	Japan
6	Canada	Italy	United States
7	Italy	Japan	Italy
8	Switzerland	Australia	Switzerland
9	Australia	Switzerland	Australia
10	Sweden	Sweden	Sweden

*Source: Compiled by the authors according to [96]*

However, it can be argued that it is realistic to create a brand and conduct branding of individual cities, territories, and even states in general, to use the experience and tools acquired by commercial structures and conducted scientific research. To do this, it must first determined what should be understood under the country brand, which steps should include a country branding process and which innovative ways can establish a brand position.

In-depth analysis of this problem has shown lack of unity in researchers views regarding nation brand essence, which complicates creation of a complete system of strategic brand management as a country key asset.

So, T. L. Nagornyak suggests to understand a country brand as a complex trademark, which has not only a name or design decision, but also a whole set of associations and identities perceived by consumers [81, p. 220]. This definition is similar to definition giving by the World Tourism Organization, namely, a country brand a is a set of emotional and rational representations that influence on certain country image formation.

Another British researcher, V. Ollins, emphasizes that a key idea, which will design national characteristics of a country in an efficient and attractive way, should be the basis of a nation brand. This key idea should fulfill the following tasks [27]:

1. It must work on emotional and rational levels to appeal both "to people hearts and minds".
2. A key idea should be relevant to all brand audiences.
3. A key idea should be clearly articulated.
4. A key idea must be truthful to be recognized by the audience as realistic.

According to many researchers, a brand is identified with branding and is presented as a process. In particular, G. Polishko [86] considers a country brand as a systematic consistent strategic country self-presentation

in global communications environment in coordinates and parameters of a real vision of its mission and competitive development.

It can be agreed with the N. E. Grankin formulation that a brand is a category formed in public consciousness and realized in economic and socio-political activities because of its ability to influence consumer behavior. In this case, a brand can form not only material needs, but also value orientations, lifestyle, people behavior models [55]. A brand symbolizes a complex of information about a subject (state) and is a conditionally accepted and well-recognized attribute of any country.

The governments of the most economically developed countries and a number of developing countries have long recognized the importance of nation branding, have managed to create sustainable positive image of their own countries [16] and are trying to manage their state reputation. Some countries have achieved tremendous success: Switzerland, Greece, Turkey, Singapore, Italy, Spain, France, Germany, Japan, the USA. This range can be supplemented by such countries as Ireland, New Zealand, Australia, South Africa, which have improved their image very quickly, as a result of which their economy and respect for them have been strengthened significantly. Consider one of the strong brands — the brand “America”: is a country, a symbol of freedom, a myth, an ideal, Hollywood, the most democratic presidential election. The results of country branding did not delay, namely, with an incredible trade deficit, investors continue to invest in the US, in dollars, in American companies shares [38]. Other countries, such as Malaysia, Poland and China, have just begun their path of transformation into powerful brands. And although, the nation brand strategy is mainly formed around five main dimensions: tourism promotion, brand export, investment attraction, foreign policy, culture representation, besides this there are many other equally important aspects of nation branding, such as regional branding, the role of cinematography in brand promotion, use of diaspora as a brand communicator. And, as experience shows, commodity brands are playing an increasingly important role in formation of country image and its national culture, because with their help consumers form opinion about the national identity of a particular country. For example, Switzerland is associated with brands such as *Rolex* and *Swatch*; Japan — with brands *Sony*, *Nintendo*, *Pokemon*; Finland — with the brand *Nokia*. Thus, state brand-leaders are able to significantly enhance its positive image, to consolidate its leading position in specific market niches, to form positive associations. But we should not forget that many companies use the country of origin effect to promote their products and services in the global market and increase profits.

The problem with the country's branding is that each state has its own great achievements — history that can not be eliminated. It is impossible to invent or to get rid of something that did not exist. This is the difficulty of working with a country brand, because we cannot influence the past. The

most difficult thing is to build a brand of countries with emerging market and transitional economies. These countries are facing with serious challenges, in particular: they must fight stereotypes; they must report all positive changes taking place in the country to become competitive; they seek to improve reputation of a country with unfavorable investment climate. Countries that need investments need to form a qualitative explanation of why their markets are worth investing. There are special mechanisms and techniques for such investors communicating and attracting. At one time, Poland and Slovakia competed for investments from Japan. The conditions were the same, but Slovakia won the fight by playing on the fact that it is only closer geographically located to the cultural capital – Vienna. This factor became decisive for investors. Due to timely and competent communication, investors made a decision in favor of Slovakia, placing their production on its territory [79].

The analysis of foreign experience in nation brand formation, development and promotion, on the example of different countries (Great Britain, the USA, Switzerland, Germany, France, China, Japan, Brazil, India, Finland), has shown that the key determinants of country brand formation are: nation country image that is socio-economic, political, cultural potential with its conformity to a brand offered to world community; institutional base existence and coordinated activities of the relevant state institutions; large-scale investments in nation brand promotion; significant investments in tourism; PR-campaigns in the world through the media industry networks; emphasis on the strengths of state organizational and economic structure, a thoroughly thought-out strategy for supporting and developing the state image adopted at the government level, implemented consistently and constructively (Table 1.3).

The analysis has shown that some states have been working on their positive image for a long period of their history, some are only beginning to build a policy on nation brand formation, some are taking steps with an emphasis on social and economic well-being, some – on authority and popularity of the leader or on centuries-old history. But all these models of reputation development combine the following technological elements:

- a state should have an official documented strategy for nation brand managing;
- it is necessary to involve professional experts in the field of state branding, and image-making to develop and implement this strategy;
- the strategy should be implemented by joint efforts of government departments, private and public organizations;
- propagated reputational country values must correspond to real social, economic and political systems;
- in order to have at its disposal an effective reputation capital, a state must transmit its unique characteristics (peculiarities of national traditions, rich culture, attractive tourist infrastructure, high political, economic and social indicators).



**Table 1.3** The system of determinants of nation brand formation

<b>Determinants</b>		<b>Countries</b> (leading use)
<b>Objective</b>	<b>Nation image:</b> – geographic location; – political system; – culture;	– natural resources; – economy; – history
<b>Subjective</b>	<b>Institutional base:</b> – relevant state authorities; – mass media; – the Internet <b>Financial support:</b> – investment <b>State policy:</b> – reputation strategies and brand campaigns; – support and protection of country and national business reputation; – participation in international events; – presence in international organizations; – linking image projects with economic and social plans	United Kingdom, United States France United Kingdom United Kingdom, United States, Japan, Germany, France, Finland, India The PRC Japan Brazil Brazil
<b>Objectively subjective</b>	Conformity of state image to a nation brand; Using the strengths of nation image; Use of country economic achievements	United States Switzerland, Finland, Brazil The PRC, Brazil

*Source: Systematized by the authors*

Based on foreign experience, one can also trace a significant factor in the positive development of a state reputation capital as a process: conscious activity of state, public institutions, individuals, aimed at changing perceptions of foreign policy and internal political state image. Spontaneous or sequential transformation of reputation is subject to effective influence, depending on the tasks facing a state, and available resources,

but a vector of changes can both correspond to a trend given by the starting conditions, and be radically redirected.

Considering nation brand importance for country economic effects on the global market, it should be noted a researcher P. Temporal, who has highlighted the advantages that strong nation brand offers to a country [36]: currency stability increasing, international trust and investor confidence restoring, international rankings changing, international political influence increasing, growth of export of goods (services) with brand status, inbound tourism increasing, increase of opportunities for winning against regional and world business competitors and protect their own markets.

As early as 1999, the leading Western scientists J. Panzalis and K. Rodriguez [30, p.53] put forward the idea that investors perceptions of countries as brands influence on international capital movement. They stated that country brand positioning and management are critical tasks in attracting world capital and affect how and where capital can save the country in situations such as the Asian economic crisis of 1997. It is definitely an interesting idea that even very practical investors are able to form their ideas about country economy future based on how country brand image was presented to them in the media or that they can place several countries in one category through brand superficial association (for example, "Asian Tigers").

In addition, a positive brand image can help a country to eliminate "brain drain" — one of the globalization consequences, which is harder to overcome in emerging markets. This is a catastrophic outflow of the best trained and most talented professionals, entrepreneurs and scientists to developed countries. But the feeling that they can be part of a process that promotes the transformation of their own homeland into the country of opportunity is often enough to make them return home.

Thus, as the study showed, a nation brand has the same characteristics as a corporate brand. A nation brand faces the same tasks: to select a country from the list of others, to form and consolidate certain emotional associations, or to develop the stereotypes necessary for this country perception by people. In doing so, the same methods and channels, as for branding of commercial organizations, are using. The only difference — "promotion" of a country or a nation, is much more complicated and responsible than promotion of any, albeit transnational, but commercial brand. At the same time, as it was shown by the analysis of interdependence between the number of international brands created by the country and the global index of competitiveness of countries around the world, corporate and nation branding are interrelated. A positive international state image or a nation brand helps to win a global market competition, consolidate economic success in the world arena, build the necessary associative range of almost any state action.

## 1.2 Communications in nation brand formation

In the context of active penetration of globalization processes into all spheres of public life, the emerging issue is positive brand formation as a driving force of progress through well-established communications.

A communication process is exchange of information between two or more persons. The goal is to provide recipient understanding of information that is the object of exchange.

The simplest communication theories involve interaction of three elements (components): *a sender* (who sends the message), *a message* itself and *a receiver* (who takes it). S. E. Osgood supplemented a basic model with *the feedback concept*. He proved that the message is never perceived in a pure form, but is always interpreted by its recipients in different ways [44, 78].

In turn, brand communication is an important tool for informing, conveying, teaching, reminding and enriching knowledge of their stakeholders about a brand, its strengths, values, basics and product and service offerings. It works like a brand voice that strengthens long-term stakeholder relations. A focused and healthy dialogue with stakeholders is required. This is one of promotional tools and tactics that a brand can influence on clients in relation to a company as a whole and its offers, products and services [39].

The problem of communicative susceptibility of brand identity is quite acute, as opens a whole complex semantic, cultural, socio-political problems. This problem is conceptualized within the framework of communicative destructiveness, that is, conditions when communication does not reach the goal: a message causes misunderstanding or rejection — an original message structure is destructive, and corresponding reaction of the audience is deviant in new media space.

Consumption and interaction of the audience with corporate, consumer and territorial brand identity are associated with numerous examples of negative perception of visual identity (wider — visual communications in general) when the message content is not understood or interpreted destructively. Destructive perception of brand communication at its various communicative levels is an actual theoretical and applied problem that occurs during perceptual, cognitive and emotional message processing, and may also be contained in a message itself [97].

P. Rodkin stresses that communicative destructiveness at a level of sender (message designer) occurs when a message:

- contains knowingly false allegations;
- is aimed at creating a distorted image of reality;
- complicates understanding and analysis of specific social objects;
- gives abstract values of communication signs;
- excludes logical understanding (for example, in favor of emotional);
- contains (intentionally includes) excess information “noise” distorting original meaning;

- is “impenetrable” for critical analysis;
- is designed not in favor of a recipient.

Destructive communication that arose as a result of a deliberate developer error appears on the message receiver side under the influence of multiple factors, such as:

- degree of the audience awareness, education and outlook;
- skills of consumption, susceptibility and ability to handle complex messages as such;
- degree of figurative thinking development, ability to read a metaphor, an illusion, a symbol, etc. [97].

D. Kislov emphasizes that the state brand is basically a non-commercial type of integrated marketing communications, which is geared towards forming such attitudes among citizens of the country, their associations, social institutes of national and world scale, and among humanity in general, which are corresponding to the main national goals achievement, as well as individual goals of government subjects. State branding is aimed at creating a positive image of governance and state policy in society as a whole [68].

Planned state branding is able to increase the country investment attractiveness and attract external resources for socio-economic development. Such a process requires not only the simple state advertising through the media, but building of an integrated communication program that demonstrates the synergy of all spheres of life, mixed use of traditional media channels, such as newspapers and television, with strategic combination of modern media, such as social media platforms, content marketing, blogging and digital marketing, working as integrated approach.

S. Anholt, while studying the nation brand, highlights one of its components – effectiveness of the factor of governance and transparency of government activity, which is estimated by the authorities influence on peace and security strengthening in the world and effectiveness of public administration in the social sphere (fighting poverty and global warming problems solving, etc.).

Effectiveness of a country population factor as another component of a nation brand is determined by the mental characteristics of society (social value factor of a state brand), since, according to S. Anhold, country population can be a component of a nation brand, and is also the only channel to promote a country's brand. Indicators of this factor are society communicative potential (level of communication among citizens) and tolerance [25].

Public relations in branding play a very important role because they allow them to work within the relationship management concept and communicate directly with target audiences.

Considering the above, we can distinguish one of the important components in the process of nation brand forming is effective relations establishment between the authorities and the public.

Today, thanks to the latest information and communication technologies and political developments in society, there is a transition from information to communication. This means that it becomes much more difficult for state-governmental institutions to solve actual social and political issues only through information (directive speech). The current state of society development requires the use of a communication approach to solving social and political problems. Hence, state (state-government institutions) communication establishment with society is not only a requirement of time, but also an urgent problem [49, 60, 76].

Implementation of civil servant communicative activity in practice will promote civil service transparency, increase responsibility for its activities results, civil servants political neutrality; general public involving in state authorities programs discussing and evaluating, conditions creating for interaction between state authorities and the public, state authorities public accountability procedures introducing; civil servants communicative skills and negotiation framework developing [60].

According to N. M. Dragomiryska, communicative activity of management subjects should be based not only on state regulatory acts, but also on research results, reflecting the wishes and needs to build a relationship with the authorities. Effectiveness of communicative activities depends on skills an abilities to provide information, that can be perceived by recipients. Communication on forming attitudes towards the state administration subjects is not very effective if it is reassigned to mass media performing a relay function. The units aimed at interacting with the public should not only organize activities, but also define the communicative activities strategy, develop tactical measures for its implementation, direct, correct and control its effectiveness, etc. [60, p. 328 – 329].

A new level of authorities and public relationship is based on bilateral participation and partnership, in which the object and the subject act as equal members of governance.

The process of authorities and public relations establishing through the technologies and techniques of public relations (PR), which are defined in the governance system as public relations, in scientific sources are investigated from different positions: through the communication theory; specific technologies and techniques; as one of the authorities functions.

State authorities should set up their own public relations services, which must fulfill the following goals and objectives: constantly public informing about policy and day-to-day activities of state authorities; providing the public with an opportunity to speak out about new important projects and plans before making final decisions; carrying out educational work among the public about state and local authorities activities, informing people about their rights and responsibilities; development of a sense of civil pride among the population [78, 82, 110].

S. A. Chukut notes that public relations are such public relations that must perform an objective and necessary function for society that must be carried out by relevant structures and professionally trained specialists [106].

N. M. Dragomiretska notes that various factors from traditions to stereotypes and a poor understanding of how to apply PR technologies in our country influence on PR communication formation. There is a need to develop an effective feedback system [78, p. 40].

M. P. Braunav considers that civil servants should be highly skilled in performing two roles: "those who do" — provide interaction in policy course forming, that is, collect information on specific issues through formal consultations with groups or the public. The second role is "those who take", when civil servants work "on reception", lobbying efforts of the joint interests of organized groups directed on them [49, p. 169]. Thus, PR technology introduction in governance at the domestic level is a prerequisite for external state brand formation.

Public relations are viewed through media in legislative acts, scientific literature and practice. Taking into account this approach, consider a place of media in communication links formation.

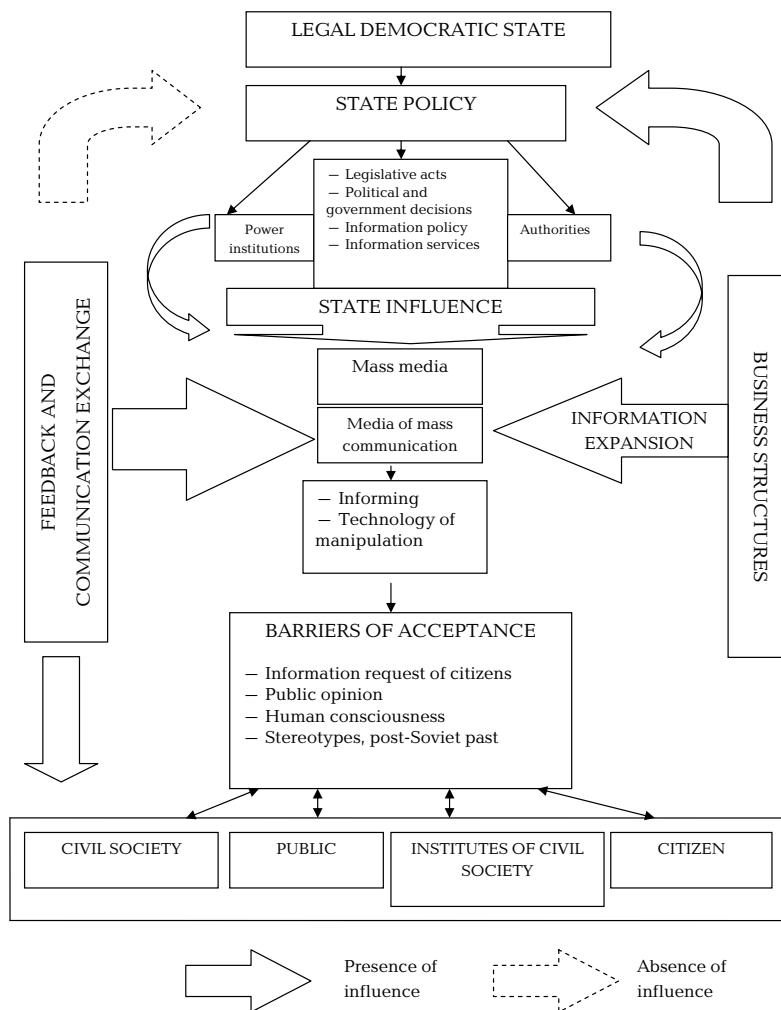
G. G. Pocheptsov and S. A. Chukut state that "effective work of a mass media system contributes to rapid cultivation of a new elite, transparency of the authorities and its approach to the public. Not only the population should hear the authorities, but the authorities should listen to the opinion and words of their population" [88, p. 12].

An influential function of media, actively explored in the scientific literature, makes it possible to consider the sources of such influence. Taking into account that the majority of mass media in Ukraine use the financial resources of financial-industrial groups (FIGs), we will investigate their participation in building the authorities with the public relations.

Thus, it can be said that a third force interferes in relations between the authorities and the public, and influences the mass consciousness and forms public opinion through the media.

Under such conditions, citizens do not understand whose position is correct. Then the information channels of influence come into force, and the stronger they are, the greater the probability of conquering the first place in the minds of the masses. When the public is subject to a multi-sided influence from several sides, another option is also possible: there is a rejection of one and the other information (Fig. 1.4).

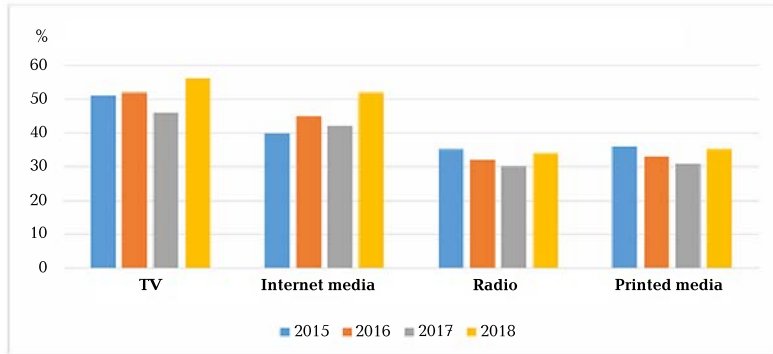
However, a study of population attitude towards media, carried out in 2018 by the sociological company InMind, commissioned by the international non-governmental organization Internews implementing "Ukraine Media Project" or "U-Media Project", with financial support of United States Agency for International Development (USAID), has shown that the level of trust begins to increase in comparison with previous years (Fig. 1.5, 1.6).



**Fig. 1.4** Model of information influence on the public.

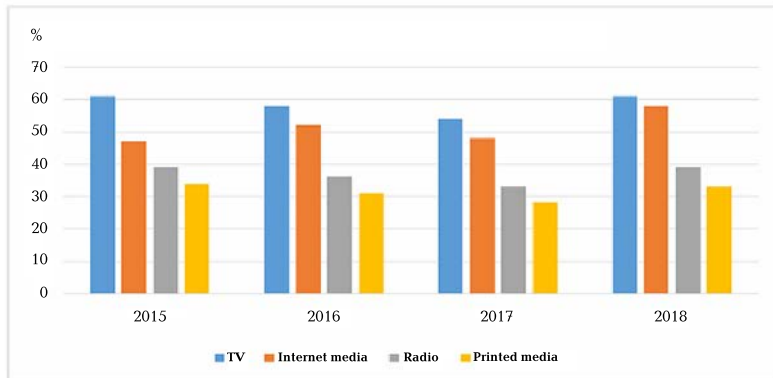
*Source: Built by the authors*

In particular, trust in regional TV channels and Internet media grew by 10 %, while trust in national TV channels and Internet media increased by 7 % and 10 %, respectively. Such data changed direction of past years trends, when trust to national TV channels decreased from 61 % in 2015 to 54 % in 2017; trust to national radio stations decreased from 39 to 33 %, and to national newspapers – from 34 to 28 % during the same period.



**Fig. 1.5** Level of trust in regional media in 2015 – 2018.

*Source: Built by the authors according to [102]*



**Fig. 1.6** Level of trust in national media in 2015 – 2018.

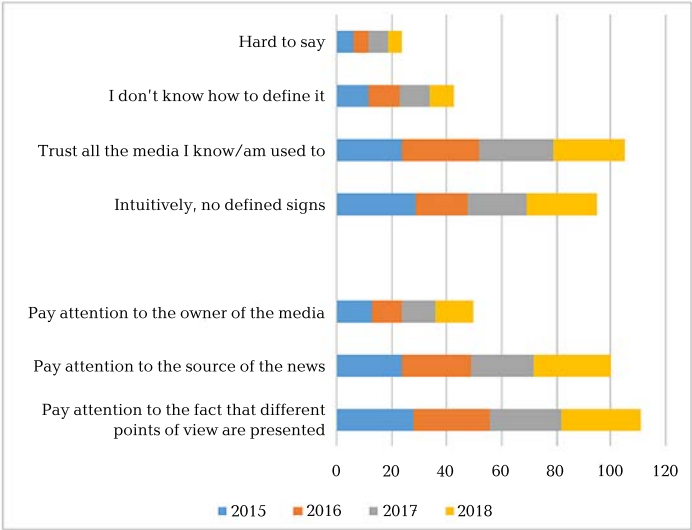
*Source: Built by the authors according to [102]*

The main signs, that Ukrainians look for to decide if information in media should be trusted, are: the source of the news and the fact that different points of view are presented (Fig. 1.7).

Ukrainians are increasingly turning to the internet as the “main” source of information and news (Fig. 1.8). The survey has shown that the share of Ukrainian Internet users has increased by 12 % from 2015: now there are 82 % Ukrainians online.

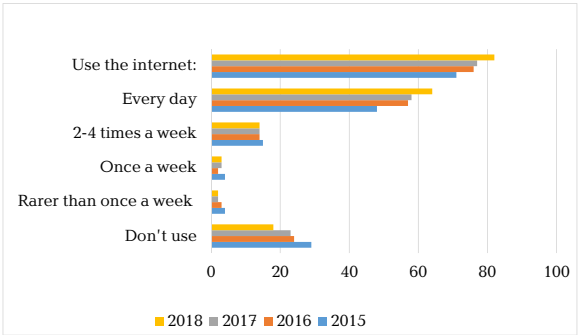
The growing role of the internet and digital media instantly affects media consumption. This is reflected in the indicators of news reading, namely, use of news sites has grown by 6 %, and social networks by 8 %. The fastest increase in the online media consumption has been noted among Ukrainians from 46 to 65 years old.





**Fig. 1.7** What signs do you look for to decide if information in media should be trusted?

*Source: Built by the authors according to [102]*



**Fig. 1.8** Internet use frequency.

*Source: Built by the authors according to [102]*

This may indicate that media remain an effective channel for information coverage of state brand formation.

One of the successful conditions for nation brand formation is to ensure effective relations between the authorities and the public through invention and use of new, creative types of interaction.

Another element of a communication program of brand formation is communicative projects.

Today, it is possible to classify communicative projects used in the system of governance in the relations of the authorities and the public according to following criteria:

- 1) on a level of regulatory framework development;
- 2) on functions, structure, powers and peculiarities of state authorities of all levels;
- 3) on relationships building peculiarities in the society life.

Thus, taking into account the first criterion – a level of regulatory framework development, we highlight the mechanisms of relations between the authorities and the public in accordance with regulatory acts of Ukraine, through:

- 1) elections and referendums;
- 2) access to information about authorities activities;
- 3) appealing authorities decisions;
- 4) appealing to the authorities;
- 5) participation in activities of political parties and public organizations;
- 6) participation in public affairs management.

Considering elections and referendums as mechanisms of nation brand formation through relationship between the authorities and the public, it can be mentioned one type of communication that is being implemented in the legislative branch. In essence, elections represent the form of direct democracy envisaged by the constitution and laws, according to which representative state and local authorities are formed through voting. In turn, elections demonstrate unilateral communication in the final result, which comes from the public and is realized as deputy mandate receiving by one of the public representatives. Bilateral communication manifests itself in conditions of election campaigning and meetings with a parliamentary candidate whose function is to represent electorate interests in power.

In contrast to the elections, referendums are a nationwide poll and implement the right of citizens to make decisions on constitutional, legislative or other domestic or foreign policy issues.

The activities coverage by the authorities implements a mechanism based on informing the public. Under the current conditions of information society development, according to statutory norms, informing is provided through authority structures, by the use of printed and electronic media, via the Internet, etc. Such a mechanism does not provide communication between the authorities and the public, but focuses only on one-way interaction by providing information.

Appealing decisions of public authorities and appeals sending from the public, realize the right of citizens to protect and fulfill their interests, which are enshrined in the Constitution of Ukraine and individual laws. Such mechanisms make it possible to implement two-way communication aimed at improving the authorities' activities.

Public associations act as a mechanism from the public in relations with the authorities and implement the basic right of citizens to participate in governance. Such a mechanism makes it possible to realize public interests in the authorities and raise the authorities' perception level by citizens.

The participation mechanism in public affairs management is implemented through various forms in accordance with the current legislation of Ukraine: joining the civil service and representing interests from the standpoint of professional activity; participation in the activity of advisory councils in executive and local authorities; the latest information technologies; public consultations represent a process of communication between executive authorities and the public and ensure the right of citizens to influence management decisions.

A number of communication projects implementation mechanisms are realized by various authority branches: legislative, executive, judicial, and separately by the President of Ukraine.

Thus, analyzing legislative branch activities in relations with the public from the standpoint of functions, it can be noted that the legislative power in Ukraine, represented by the parliament, represents the totality of deputies delegated from the people for their interests realization and rights protection. Citizens' communication with the legislative branch takes place through appeals sending, publications and performances in electronic, printed media and the Internet. Citizens' interests representation also occurs through the adoption of regulatory acts. On the basis of these provisions, it can be noted that the communication itself, which becomes a mechanism for informing, is lost.

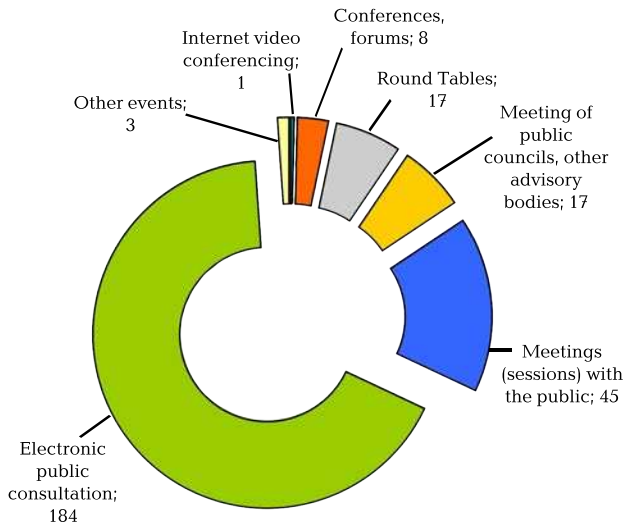
Communication projects implementation mechanisms realized by the judiciary in public relations are responses to appeals and public requests satisfaction, as well as public information through the media and the Internet.

The President of Ukraine acts in accordance with the Constitution of Ukraine as a guarantor of citizens' rights and freedoms observance through control and personnel functions implementation. It is also possible to mention such communication mechanisms as regulatory acts publication and control over the laws passed by the Verkhovna Rada of Ukraine. Public relations are implemented through informing through the media and the Internet (appeal to the people, press conferences).

The executive branch, which in its activities ensures Ukraine laws implementation in various spheres of public life management, is a structure that, in accordance with its functional responsibilities, implements public participation in governance. Executive power in Ukraine, represented through the Cabinet of Ministers of Ukraine and central and local executive authorities, carries out one of the directions of interaction with the public in their activities through regulatory acts adoption and detailing, as well as by public informing. Communication between the authorities and the

public is realized through direct and indirect forms of citizen engagement. Communication mechanisms implementation forms are realized through the study of public opinion through sociological research, analysis of materials in the media and the Internet, synthesis of comments and suggestions in appeals. The direct forms of mechanisms are public consultations, which are implemented through: public hearings, conferences, seminars, forums, round tables, meetings, debates, discussions, etc. Thus, it is possible to talk about communication mechanisms development, which is transformed from a one-way influence that is informing, into two-way communication.

Thus, according to the Government portal 72 executive authorities held different events in the framework of public consultations during the third quarter of 2018 (Fig. 1.9, 1.10).



**Fig. 1.9** Public consultations held by ministries in the III quarter of 2018.

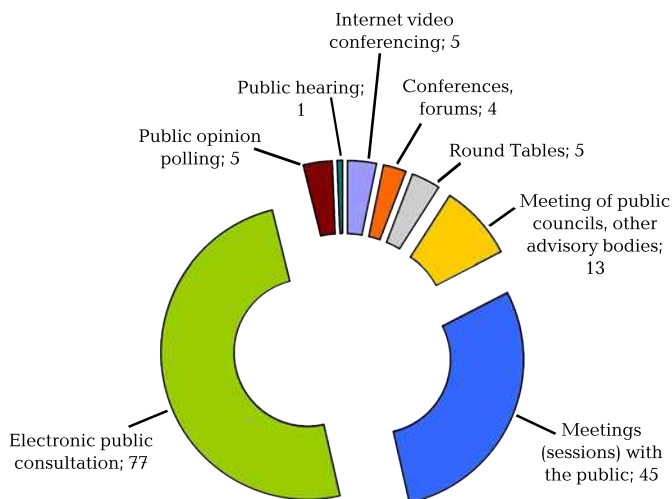
*Source: Built by the authors according to [112]*

Using the correlation method and method of comparisons, a number of interests were identified that used by the authorities and the public in building relationships.

Among the public interests are the following interests: to be informed (the opportunity to receive complete and reliable information); to be heard (the opportunity to speak at communication events); to participate in the activities of consultative and advisory bodies under the authorities; to access to public service; to elect and be elected independently of the financial component and to receive results from directed appeals and lawsuits. The public interests also include the rights enshrined in the Constitution of

Ukraine and identified as the main and primary interests, namely: adequate standard of living; a right to work and decent salary, social protection and social security, health care, housing, access to education and scientific and cultural activities implementation.

Interests of the authorities in public relations include the following interests: activity support by the public, increase of public confidence and power maintenance, coverage of activities in accordance with the current legislation of Ukraine, information support of internal organization activities, increase of the country external perception, that is, nation brand formation.



**Fig. 1.10** Public consultations held by other central executive authorities in the III quarter of 2018.

*Source: Built by the authors according to [112]*

One of the main criteria for governance effectiveness evaluating in nation brand formation, is the study of public opinion, which shows the comparison of the level and results of management with people interests and expectations.

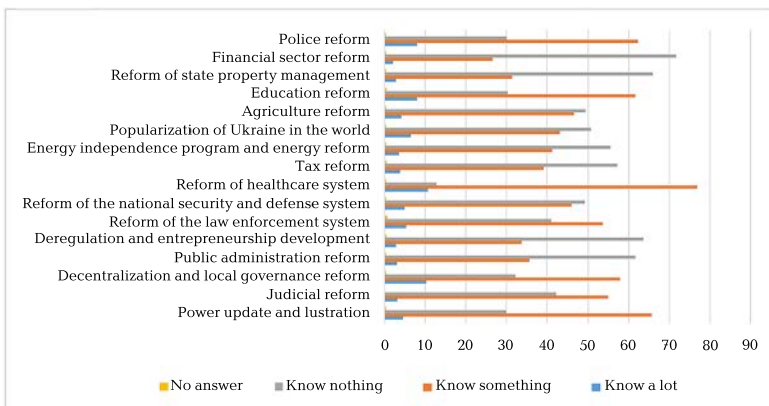
The study of public opinion also contributes to governance system improvement, because by conducting certain studies it is possible to identify the support level of state administration subjects activity and reformat the activity into a more compromised direction.

In crisis and post-crisis conditions, it is worth investigating public opinion before reform, in order to take into account the citizens position as much as possible. Such studies are positive both for the general public and for certain groups representing specific interests on one or another issue.

It can be noted that today public opinion is not only a research object, but also is an object of influence, that is, due to the use of various technologies, there is invasion and possibly reformatting of public opinion. This format is actively used both during election campaigns and in current socio-political life. It is also possible that public opinion acts as a subject of influence, that is, with the help of it, and more specifically, information dissemination about the privilege of one or another opinion among the public, is possible force public authorities or part of the public with another opinion to act differently.

When monitoring and evaluating, executive authorities are given a recommendation to monitor the level of customer satisfaction with the quality of services they receive. As a measure of satisfaction it is recommended to use: direct questionnaires or consumers surveys (both on their own and with organizations involvement); placement of questionnaires on the authorities websites and in the media.

The nationwide survey of Ukrainian population was conducted by the Razumkov Centre Sociological Service from 21 to 27 June 2018 across all Ukrainian regions, except for Crimea and the occupied territories of Donetsk and Luhansk regions. Responses were obtained from 2021 respondents aged 18. The theoretical sampling error does not exceed 2.3 %. Survey data indicate a generally low level of citizens awareness of reforms in various areas. Thus, proportion of citizens who have shown that they "know a lot" varies from 10 – 11 % – in the case of healthcare and decentralization reforms and to 2 % – in the case of financial sector reform (Fig. 1.11).



**Fig. 1.11** Respondents' assessment of level of their awareness of reforms and authorities actions in certain areas.

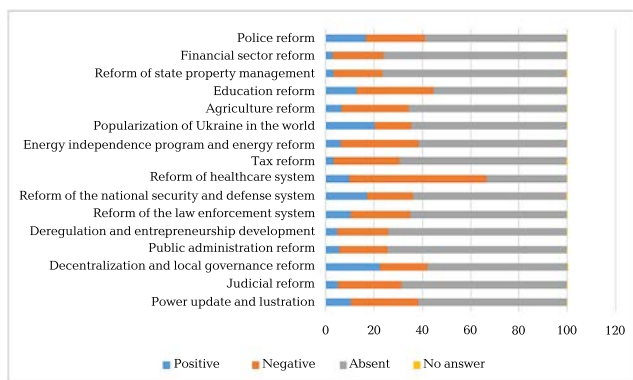
*Source: Built by the authors according to [106]*

On the other hand, the majority of respondents "know nothing" about the reform of the financial sector (72 %), reform of state property management

(66 %), deregulation and development of entrepreneurship (64 %), public administration reform (62 %), tax reform (57 %), energy independence program and energy reform (56 %). About half of the respondents (51 – 49 %) “know nothing” about the reform of national security and defense and agriculture reform. About 40 % of respondents “know nothing” about law enforcement reform and judicial reform, about 30 % – about power update and lustration, education and police reforms, decentralization and local governance reform.

It turned out to be the least of those who know nothing about health-care reform (only 13 % of respondents “know nothing” about it).

Assessing the impact of reforms and authorities actions in various fields on their personal situation, the majority of respondents (55 – 76 %) indicated the absence of such influence in almost all areas (except health care) (Fig. 1.12).



**Fig. 1.12** Citizens' assessment of impact nature of reforms and authorities actions in various spheres on their personal lives.

*Source:* Built by the authors according to [106]

A small predominance of positive assessments over negative can be traced to decentralization (23 % vs. 20 %) and local governance reform (20 % vs. 15 %). Approximately the same share of negative and positive assessments is about the reform of national security and defense system (17 % vs. 19 %). The impact of police reforms is positively assessed by 17 %, negatively – by 24 % of respondents. As for the other spheres, negative assessments significantly prevail over positive ones. The impact of healthcare reform is most negatively assessed: more than half of respondents (57 %) called this impact negative.

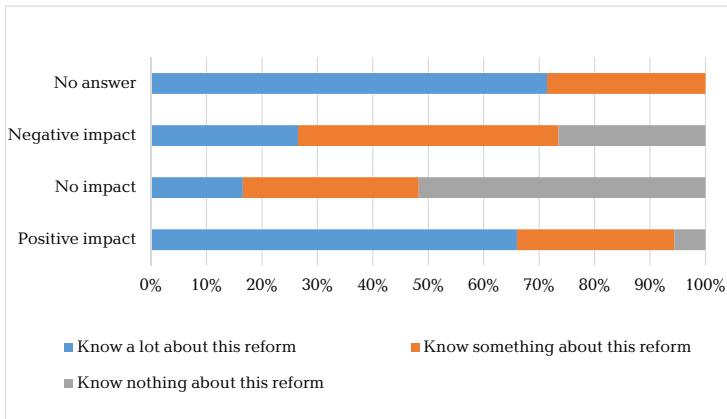
It is worth noting that reforms impact assessments significantly differ depending on the respondents awareness level about them (Fig. 1.13 – 1.16).

Thus, respondents who are well-informed about reforms are much more likely to consider their influence to be positive. With a decrease in the awareness level, the proportions of those who are not under reform impact or who feel its negative impact increase significantly.

If among citizens, who know nothing about decentralization and local governance reform, its positive influence is shown by 5 % of respondents, then among those who know something – already 26 %, and among well-informed – 60 %.

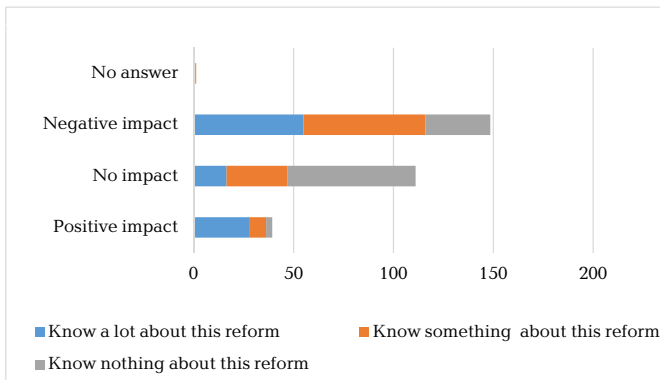
The impact of healthcare reform is considered positive by 3 % of those who know nothing about it, but already 9 % of those who know something, and 28 % of those who know well about this reform.

For educational reform, these percentages are, respectively, 3 %, 14 % and 46 %; for the police reform – 3 %, 18 % and 57 %.



**Fig. 1.13** Citizens' assessment of impact of decentralization and local governance reform.

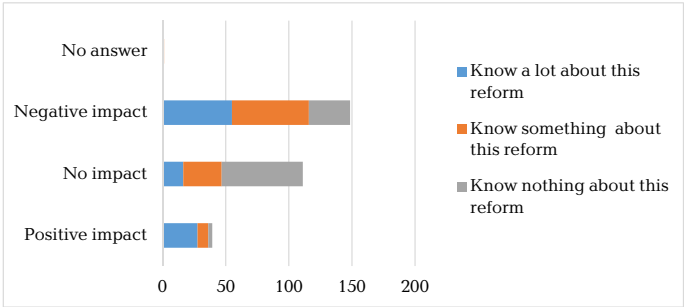
*Source: Built by the authors according to [106]*



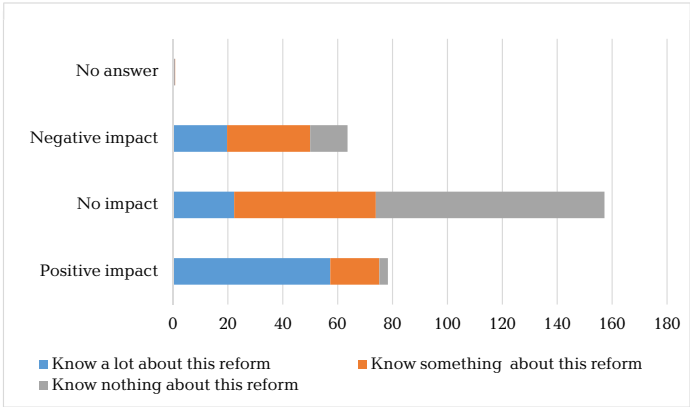
**Fig. 1.14** Citizens' assessment of impact nature of educational reform.

*Source: Built by the authors according to [106]*





**Fig. 1.15** Citizens' assessment of impact nature of healthcare reform.  
*Source: Built by the authors according to [106]*



**Fig. 1.16** Citizens' assessment of impact nature of police reform.  
*Source: Built by the authors according to [106]*

From the results of the study, it can be concluded that there is a clearly insufficient level of Ukrainian citizens informing about reforms content and expected results, which significantly affects their public perception.

The survey was conducted within the framework of the project "Ukraine on the Eve of the Election Year: Requests of Society, the Outlines of a New Power, the Future of Reforms", which is carried out by the Razumkov Center together with the Konrad-Adenauer-Stiftung Ukraine Office. Full project results will be presented in December 2018 [106].

Thus, the management system of the executive authorities should be a set of interrelated processes: management, which transforms information about executive authorities' activities, regulatory decisions, and consumer expectations into management processes; service delivery processes;

processes to ensure service delivery (consumer expectations studying, informing, consulting with the public, the introducing new services).

Executive authorities must also ensure that all information about activities and services transmitted to consumers is prompt and reliable. Informing can be done through websites, mass media and distribution of press releases.

Thus, it can be said that compliance with such requirements and recommendations implementation in executive authorities' activities will promote public involvement to governance at all stages, and authorities will be focused on specific consumer requests. Following such recommendations in executive authorities' activities checking and submitting can serve as a criterion for effectiveness of public relations and executive authorities' activities in general.

### **1.3 Mechanism of harmonization of “authorities – public – world community” relations**

Development and implementation of new communication projects, communication establishment with the public are necessary for state branding formation. However, communication establishment depends on various factors, as well as the skills and abilities of the managers themselves. It is not only the ability to communicate, but also possession of certain qualities that are important for relationships establishment.

A public opinion survey of the National Democratic Institute in Ukraine in July 2018 showed overwhelming and stable support of full-fledged democracy in Ukraine by population (83 %). Fair justice and free and fair elections are the most important characteristics of democracy for the citizens of Ukraine (Fig. 1.17).

The purpose of a communicative project in nation brand formation is civil society development, manifested in effective relationship between the authorities and the public, that is, clear functional correspondence of authorities tasks and goals with public expectations and interests. The advantage of such projects is possibility to use creative mechanisms in presence of traditional management mechanisms.

Expected results of communicative project are: social processes management, which provide a system for their reproduction in certain parameters (quality, volumes, activity integrity, etc.); development and implementation of an effective mechanism for communication establishing between executive authorities and civil society institutions; civil society culture formation – active civic position revealing, in particular regarding participation in state policy formation and implementation processes, public awareness of cooperation principles between executive authorities and institutions; charity and patronage development; development and implementation of an effective mechanism for building communication

with the public; conducting explanatory work on expediency of developing draft decisions and their adoption; promotion of coverage in mass media projects of effective cooperation between executive authorities and civil society institutions on issues of civil society development; development of public emotional-value relationship to importance of collective organization of life; developing effective communication skills, negotiating, achieving compromises, using non-violent methods of conflict resolution and problem solving; involvement of citizens in solving their own problems; getting the optimal end result, from which the maximum effect is expected.



**Fig. 1.17** The most important characteristics of full democracy.

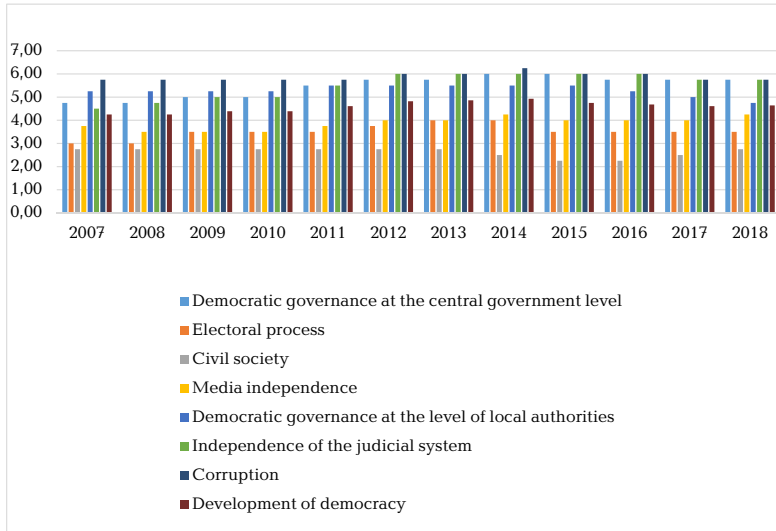
*Source:* Built by the authors according to [28]

The quality of the results of implementing communicative projects aimed at harmonizing the relationship between authorities and the public can be assessed through the indicators of changing the democratic development rating. The Fig. 1.18 shows the indicators of the rating of democratic development of Ukraine during 2007–2018.

According to Freedom House, for the last ten years in Ukraine, the best indicators and marks on the scale of the Integral Democracy Index were recorded in 2007 and 2008 (by 4.25 points), the worst — in 2012, 2013 and 2014. Transformation of Ukrainian political system, which began under public pressure with events in EuroMajdan in November 2013 — February 2014, includes the growth of civil society role and beginning of new quality relations formation in the triangle “citizens — civil society — state”. One of the main indicators of civil society strengthening is citizens’ understanding of personal responsibility for public life: in economic, political, social and other spheres [25].

Innovative methods in state branding formation are project, creative, government and other types of management. This is due to the fact that the governance system itself has cardinal differences from management in organization, enterprise, corporation, and so on. All innovations require changes

not only in the style of employees thinking, but also in internal system communications. Creativity in innovations introducing is necessary to use the available resources, structures and systems. It is important to find the variant of innovations implementation, which would not violate the existing system, but contributed to its improvement and greater work efficiency.



**Fig. 1.18** Indicators of the rating of democratic development of Ukraine in 2007 – 2018.

*Source: Built by the authors according to [25]*

A communicative project can be characterized as a special form of reflection of needs, interests, attitudes, aspirations, expressed in a definite symbolic form. Accordingly, design technique is a concrete form of theoretical or practical approach to creation of social projects, one or more social actions, logical or mathematical operations aimed at obtaining the final result of the project activity. Design procedure is a system of techniques that ensures social engineering design implementation.

Communicative projects can become the result of satisfying the interests of both the public and the authorities. The benefits of citizens are manifested through raising the general level of citizens' awareness, feeling that they are part of the processes, taking place in the state, and active desire for improvement, participation in social problems solving. Positive public engagement to the authorities may be next: raising public confidence and, as a consequence, possibility of various kinds of innovations introducing with help, and not into public resistance; raising the socio-economic status of the whole state; rating attractiveness and rating raising on the international

scene; functions division with transfer of their parts to citizens associations. In turn, by business involving in the public relations process, it is possible to achieve positive benefits for the state as additional resources, transparent business methods formation, and, as a consequence, country financial and economic potential increase. In this case, it is important to encourage business through benefits in profits tax treatment, legislative consolidation of incentives for activities.

The strategic goal of mechanisms forming for communicative projects implementing in public relations building is to achieve equal partnership with the public and business in order to all participants maximally interests satisfy.

To realize such a goal, there is a need to improve the legislative framework, to analyze in detail the shortcomings of the public relations existing system, as well as the mechanisms used at the present stage. Management approaches used by scientific management school representatives are important in this process. Use of existing scientific research in this practical activities field, that is, consolidation of practical methods with theoretical principles are also important in this process. Taking into account foreign countries experience and transferring it to the domestic, are possible with taking into account individual characteristics, traditions, historical factors, geographical location, etc. The next step will logically be the need for management apparatus and entire structure reformatting, as well as organizational methods and tools developing that will be implemented through the clarity of functional responsibilities and relationships. Departments developing and implementing mechanisms for communicative projects implementation in government should be adaptive with the public, that is, regardless of circumstances, to adapt to the situation, to conditions changing, state philosophy, governance, structure changes, etc. Considering the above, there is a need to develop a communicative project that should not only be effective in different circumstances, but also not depend on structural changes, changes in legislation or strategic directions of state development.

In management theory, adaptive management structures are characterized as more flexible, better adapted to external conditions rapid change; in them the creative, substantive activity side prevails over the formal one. This type of structure is the most acceptable for authorities relations with the public through communicative projects, since it is most suitable for working in unstable conditions, when arising problems and necessary actions can not be clearly divided into elements; an initiative and a creative approach to the cause are supported. However, we can also talk about importance of elements of bureaucratic structures using for units that carry out functional duties, consisting in staffing, financial activities, etc. This type of management structure involves compliance with the formal and regulated side of management activity [43, 90, 103].

In management theory, adaptive organizational management structures include: conglomerate and matrix type (design and problem-oriented). In the context of public relations activities through communicative projects, it is expedient to use elements of a conglomerate or a mixed management structure that envisages the possibility of form acquiring that is most appropriate in one particular situation. This type of structure has the top management that is responsible for long-term planning, coordination and control of activities in all organizations. Considering that such a structure should operate in governance, which implies compliance with certain principles, namely: control over the use of public funds and a clear implementation of state development directions, conglomerate elements with entering into structure of independent and autonomous decision making structures are not acceptable. However, such elements can be adapted through creation of target groups, which are fixed in separate areas of work and, in cooperation with the structural units, carry out the specified tasks. Matrix structure characteristics are described in this case.

Such target groups may be independent of management influences and act on their own, shared with the authorities, interests. As a result, we can talk about the use of outsourcing, which is used actively in business and is an innovative principle in foreign countries campaigns activities.

The term "outsourcing" is defined as company's transfer of non-core business processes to third-party executors on subcontracting terms – to reduce the cost of these business processes, as well as to improve result quality. The advantages of outsourcing are growth of profitability, cost reduction, implementation of main activities with other participants experience involvement, structure flexibility in accordance with specific tasks [97].

Such a mechanism is used in the business structures of foreign countries. The most positive is the use of outsourcing in India in the information technology field, which has allowed transnational corporations to reduce the cost on this area financing up to 70 %.

Outsourcing mechanism is proposed to be used in the field of governance in management of small business enterprises development. O. V. Dolgaleva considers that outsourcing can be one of forecasting functions in public administration, which will increase the scientific nature of governance, reduce the budget expenditures for such activities and help improve activities efficiency of executive and local governance. Due to the deepening and intensification of projected developments, outsourcing provides preconditions for working out more flexible methods of state influence on domestic business, which is necessary in market instability conditions. It will contribute to a more thorough consideration of draft regulatory and non-regulatory acts and, as a result, will help to better predict the validity of a number of legal norms and consequences of their implementation; to more successfully direct the state influence on business sphere in the direction of its unshadowing [1].

O. V. Manoylenko considers outsourcing use in improving business entities efficiency and notices that it can be used as a separate tool for crisis management [90].

When introducing outsourcing in building relations between the authorities and the public it is possible to use principles of involvement of independent entities, namely public associations and advisory councils, in main activities of structural units of executive authorities. In most foreign countries, outsourcing has proven to be effective in crisis conditions, or in the financial crisis of companies. Such organizations can perform separate functions of structural units in design, implementation and investigation of results of decisions implementation by the authorities.

It is advisable to involve independent analytical centers at the initial stage in state authorities activities — analyzing the overall situation, studying social expectations and public interests on a particular issue, that is, during monitoring, as well as studying the level of satisfaction of social expectations and interests.

The second stage, which involves predicting and developing solution layout, requires scientific potential involvement, that is, the scientists, theoretically studied outlined problem in decision. Such a mechanism will allow them not only to attract new ideas, but also scientifically substantiate such a decision need and expediency of its solution in the proposed way.

At the third stage, which can be described as improvement through discussion among the public, it is expedient to involve public associations. In this way, not only participation in public administration through public discussion is ensured, but also public involvement in participation in associations of interests. Thus, as a final product of this stage, it is possible to obtain a draft decision taking into account public opinion.

The activities of such groups in outsourcing mechanism should be regulated at the legislative level, as well as clearly defined areas of activity and limits of its application, regulated definition of functions and responsibilities, outlined opportunities and resources specified during the activity. Involvement of target groups at different stages can take place on grant and competitive bases, which will give the opportunity to develop new ideas, as well as to make a transparent process of particular association involvement in the activities.

At all stages, the foreign experience in attracting sponsorship contributions from business structures can serve as a positive point. It implies building relations of the power with such organizations and the public.

Ukrainian legislation considers sponsorship as a specific form of charity, which consists of voluntary material, financial, organizational and other support by individuals and legal entities to charity recipients in order to popularize their own name, their trademark. A number of participants and directions of their charity activities according to regulatory acts are determined.

However, an important point is encouragement of sponsorship contributions to authorities communication projects implementation in building relationships with the public because of possible benefits: in taxation; conducting ongoing reporting activities, etc.

The practice of developed European countries in fundraising use in attracting sponsorship resources attracts attention. The concept "fundraising" is interpreted as a program to raise funds, mobilize capital.

Such activities may be carried out by public organizations involved in communicative governance projects implementation in the field of relations with the public. The purpose of this type of activity is to attract external resources for socially important programs implementation. Fundraising is acceptable at the highest possible cooperation level between the authorities and citizens associations. When implementing such a mechanism, it is possible to reduce budget expenditures and to develop relationship between the authorities, the public and business.

When building relations the authorities with the public, using sponsorship and fundraising, there is a need to differentiate functions between government and business. Experts of the analytical center "Academy", based on the analysis of theoretical and practical experience of foreign countries in this issue, identify the following methods: introduction of a procedure of administrative and public tracking of declared incomes and real expenses of all subjects of public administration the help of mass media and the public; raising the status of the Accounting Chamber of Ukraine in relation to monitoring authorities expenditures and regularly reporting to the public through mass media; strengthening the mechanism of parliamentary control through parliamentary investigative committees; opposition participation in control of specialized parliamentary committees; governance culture raising.

Considering the above, interesting in this aspect is a scenario developed by experts of the World Bank, which states that in order to combat corruption and possibility of using democratic methods in communication establishing between the authorities and the public, there is a need for the following actions concerning various aspects of governance: judiciary role increasing through effective and independent principles in activities; transparent election procedures ensuring and authoritative political parties formation; respect for freedom of speech and information, as well as mass media role strengthening; settlement of business opening and development activities, development of competitive private sector; civil service attractiveness increasing through professionals involvement and decent wages; transparency increasing of budget process and tax authorities activities; civil society possibilities empowerment.

Such a scenario for Ukraine is acceptable in the context of a series of reforms, and most importantly, raising public confidence in authorities activities through its effectiveness.



The role of public authorities in building public relations through the use of outsourcing, fundraising can be based on the type of management considered from the standpoint of management stages and activities consistency, namely:

- Strategic management. That is, the executive authorities determine general development goals, predict possible outcomes and identify the weak and strong sides, evaluate and develop the strategy of activities and create a management system. In this context, it is important to use analytical information on social expectations from independent analytical centers.
- Operational management, which consists in necessary structures creating, resources attracting and management functions performing in the conditions of existence of structures. This kind of activity on the part of executive authorities can be applied with involvement of public organizations and scientific potential.
- Control. That is, the authorities monitor the decision-making process and engage in its implementation, as well as monitor realization and effectiveness by obtaining information on the level of public satisfaction from independent analytical centers.

Thus, it should be noted that such type of management provides an opportunity to actively cooperate with associations of citizens, which will ensure public participation in governance and will allow them to focus executive authorities activities on other activities.

The powers of the executive authorities in the process of establishing relations with the public through communicative projects introduction according to the characteristics will reflect the organizational and managerial system of public administration. Organizational powers represent a legitimate right to make decisions and give directions to subordinates, and this is a prerequisite for effective fulfillment by the managers of their official duties. Such powers, depending on the degree of limitations, may be both partial and complete. Partial powers are given to regional level managers, and full powers are given to higher, that is, national level managers.

However, the requirements of the organizational structure according to the management theory, which we have adapted to communicative activities in public administration, which in this case are the most acceptable in view of their adaptability, are the following:

- orientation is not on functions fulfilling, but on the final result and social expectations satisfaction;
- unramification of management levels;
- flexibility and ability to quickly reformat;
- reasonable degree of centralization;
- ensuring optimal labor division between management structures and linear units;
- parsimony.

Thus, it is possible to talk about the importance of local organizational structures conferring by separate powers, since region specifics are defined as historical, geographical, and economic conditions. Adaptability implies ability to adapt to different conditions, and therefore local managers are more understandable about the situation in their region, so empowering them will give an opportunity to show creativity in selecting the necessary communication projects in this case and mechanisms for their implementation in public relations building.

Summarizing the recommendations on the organizational structure, it can be said that the executive authorities in relations with the public through communicative projects implementation should be focused by such strategies, which in management theory are defined as strategies of differentiation, concentration, reduction and integral growth.

The differentiation strategy, having designed it from management in governance in building relations with the public, may consist in the fact that the executive authorities, implementing various communication projects and acting as leaders in such activities, given that they represent a single structure, can achieve public commitment and gain all levels of influence on public opinion.

Focusing the attention of units involved in organizing of communication projects implementation in a specific activity can give an opportunity to clearly control activities effectiveness in this direction. According to management theory, this type of activity is a concentration, that is, narrow specialization.

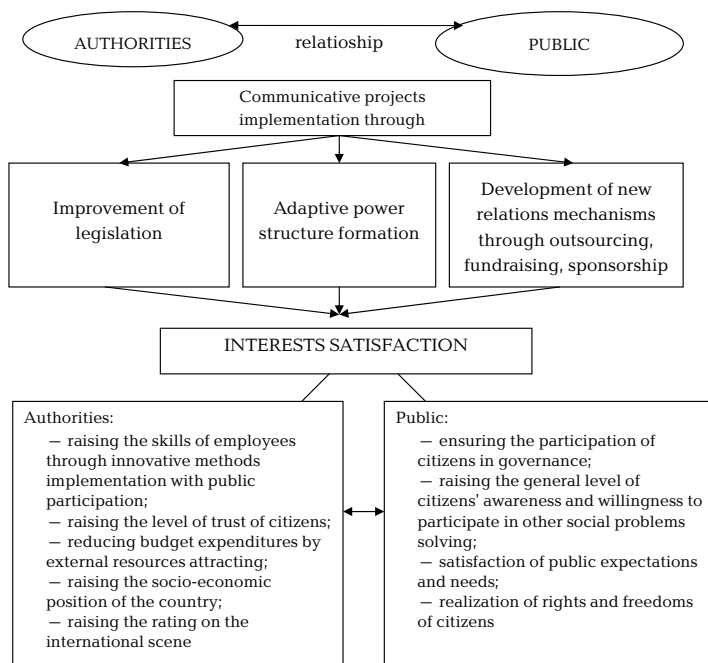
Reduction strategy implementation, according to management theory, occurs when a regrouping of forces is required after a period of development or in conditions of decline. Such a strategy in the governance theory can be aimed at reducing expenditures on public authorities activities in the relations with the public through use of outsourcing, sponsorship and fundraising mechanisms. Adapting to the staff, we can talk about activities reformatting, not reductions. Such a process will be effective in terms of workers skills raising, creativity skills and innovation developing, etc.

When various strategies implementing, new mechanisms introducing in building the relationship between the authorities and the public through communicative projects, it becomes necessary to harmonize them with the legislative norms. Taking into account that the current legislation of Ukraine focuses mainly on the information component of authorities activities in this aspect, we can talk about the necessity of consolidation communicative component of activity in regulatory acts. Thus, attention can be drawn to improving the laws on information activities of the authorities; mass media activities; charitable activities to determine the benefits of business with sponsorship at the law level; associations of citizens, in which it is necessary to separately define the activities of non-governmental analytical centers,

to prescribe the status, rights and obligations of citizens' associations in the process of carrying out of stages of communicative projects implementation.

Proposed specific mechanisms implementation could be consolidated in the program of relations building between the authorities and the public through communicative projects introduction for several years, in which it is necessary to clearly identify authority strategic goals; to distribute functional responsibilities between government structural divisions and the public; to determine the relationship between government structural divisions; to develop schemes of organization of activity, introduction of innovative mechanisms and coordination of them with existing ones; to identify available financial resources and schematically draw external resources involvement; to predict the final result; to outline the timeline for implementation; to identify possible risks and predict social expectations.

Thus, summing up, it can be said that the benefits of communicative projects are that there is limited time frame, flexibility in design and implementation, possibility of using innovative approaches and, as a result, maximum satisfaction of public and authorities interests (Fig. 1.19).



**Fig. 1.19** Model of building a relationship between the authorities and the public through communicative projects.

*Source: Built by the authors*

We believe that the development and implementation of communicative projects is an integral part of modern nation branding policy. The communicative projects aimed at harmonizing the relations "authorities – public – world community" allow to create or strengthen the positive image of the country in the international environment, if it effectively implements them. This, as well as the entry of the world community into a new phase of development – the information society, has led to an intensification of the development of public relations in the state authorities of Ukraine and many other countries of the world.

### 1.4 International ratings of nation brands

To determine the competitive advantages of countries in the global economic space their world ratings should be analyzed and factors determining country place in global economy should be established. To do this it is necessary consider the ratings forming by world's leading organizations, such as Brand Finance (*Nation Brands*), Future Brand (*Country Brand Index*), GfK Roper Public Affairs & Media (*The Anholt-GfK Nation Brand Index*), Bloom Consulting (*Country Brand Ranking*), because they are based on the use of different methodologies and indicators that influence the country's place in the world.

According to Brand Finance, the top five most valuable nation brands are: the United States, China, Germany, Japan and the United Kingdom. The value of their nation brands in 2017 ranged from USD 3.1 trillion (the United Kingdom) to USD 21.1 trillion (the USA) (Table 1.4).

The United States remains the most valuable nation brand in the world with a value of USD 21.1 trillion. However, a slight increase of 2 % per year takes place under conditions of long-term risk dominance. *Brand Finance* associate the possible stagnation of the United States nation brand value with macroeconomic problems, such as reduction in the level of employment, ultimately leading to slower GDP growth compared with previous years [10].

The perception of D. Trump's presidency in the world is also not conducive to strengthening America's brand, since his policy is viewed as increasingly unpredictable. And although the introduction of tax relief will help to increase foreign direct investment (FDI) in the short run, however, the risks of not fulfilling them (through disputes in the Congress) remain, which does not increase investor confidence.

America's image in the world is also waning. Military conflicts in the Middle East and Asia, closing to migrants and refugees, pulling out of global commitments of attitude to climate change – all this can seriously undermine global leadership of the United States. According to Brand Finance, recovering that influence in the future may be very difficult [10].

**Table 1.4** Top 20 countries with most valuable nation brands in 2016 – 2017

Nation	Rank 2016	Rank 2017	Nation Brand Value 2016 (USD bn)	Nation Brand Value 2017 (USD bn)	Change, %	Nation Brand Strength 2016, (Rating)	Nation Brand Strength 2017, (Rating)
United States	1	1	20574	21055	2	AAA	AAA –
China	2	2	7087	10209	44	AA	AA
Germany	3	3	3882	4021	4	AAA –	AAA –
Japan	4	4	3002	3439	15	AAA	AAA –
United Kingdom	5	5	2942	3129	6	AAA	AAA
France	6	6	2339	2969	27	AA +	AA +
Canada	8	7	1810	2056	14	AAA –	AAA –
India	7	8	2066	2046	–1	AA –	AA
Italy	9	9	1521	2034	34	AA –	A +
South Korea	11	10	1289	1845	43	AA	AA
Australia	10	11	1305	1505	15	AAA –	AAA –
Spain	14	12	966	1410	46	AA	AA
Mexico	15	13	915	1049	15	A +	A +
Switzerland	13	14	998	1014	2	AAA	AAA
Netherlands	12	15	1121	1005	–10	AAA	AAA
Indonesia	19	16	630	845	34	AA –	AA –
Russia	18	17	736	832	13	A +	A +
Brazil	16	18	820	798	–3	A	A
Sweden	17	19	742	703	–5	AAA –	AAA
Taiwan	28	20	469	625	33	AA +	AA +

**Source:** Built by the authors according to [10]

As can be seen from Table 1.4, the second place in nation brand value belongs to the People's Republic of China (USD 10.2 trillion) with a rather high growth (by 44 %) compared to 2016. This is due to the fact that revolutionary changes in nation brand policy in China have been proclaimed since 2012, in particular, President Xi has stated that the country could no longer be a place of components production for Western products. On the contrary, China must create its own world-famous brands. Such a policy proved to be quite successful, since at present, the number of Chinese companies in the Global 500 most valuable brands have increased from 8 in 2008 to 50 in 2017 [19]. 4 sectors of Chinese brands dominate in sectoral structure, namely: banking (*ICBC*), alcoholic beverages (*Moutai*), insurance (*PingAn*), real estate (*Dalian Wanda*); as opposed to zero in 2008. The country also celebrates an annual Chinese Brands Day on May 10th and has a nationwide China Council for Brand Development, dedicated to research on brand building and brand evaluation.

Under such favorable conditions, Chinese brands turn into nation image of China, which leads to global image stability, reinforcing each other, and further fostering the country's attractiveness for investors and tourists. According to Brand Finance, China is the fastest-growing nation brand of 2017 in absolute terms, with a change of over USD 3.1 trillion per year, This is equal to the entire nation brand value of Britain [10]; this illustrates how much China is outpacing other countries.

In relative terms, China's nation brand value grew 44 % per year, or at a 20-times faster pace than the United States'. However, China's nation brand value at USD10.2 trillion is still only half that of America's and in the future such high growth will help to narrow this gap.

In general, among the 100 surveyed countries, the highest growth rates in 2017 were noted for (Table 1.5): Iceland, Cyprus, Spain, China, Vietnam, South Korea, Greece, Estonia, the Philippines and Thailand.

**Table 1.5** 10 countries with the most dynamic growth of nation brands

Nation	Rank 2017	Nation Brand Value 2016 (USD bn)	Nation Brand Value 2017 (USD bn)	Change, %
Iceland	88	14	26	83
Cyprus	100	10	15	57
Spain	12	966	1410	46
China	2	7087	10209	44
Vietnam	45	141	203	43
South Korea	10	1289	1845	43
Greece	58	57	80	41
Estonia	87	20	28	39
Philippines	30	338	446	38
Thailand	29	353	483	37

**Source:** Built by the authors according to [10]

It should be noted that among the CIS countries in 2017 the highest growth rates of nation brand values was in Ukraine (22 %, in 2016 – 27 %), Russia (13 %) and Kazakhstan (6 %) [10].

The dynamic between American and Chinese nation brands is reflected in broader trends of Western stagnation and Asian progress. Thus, nation brands of Germany, the Netherlands, Belgium, Switzerland, Sweden, Austria, demonstrated either a decline or a slight increase in value. At that time, nation brands of the Asian region sharply increased their growth: Vietnam, the Philippines, Thailand and South Korea – all added from 37 % to 43 % of brand value. Vietnam received FDI in an amount of approximately USD 125 billion, which grew by 13.4 % in 2016. The Philippines also showed the growth rates, such as China, which were 6.7 %, mainly due to increased trade and outsourcing of business processes. Thailand expects an increase in public investment of 9.2 % in 2018, which will form public spending as a key contribution to economy [10]. Export growth in South Korea is due to increased trade in computer equipment and the supply of steel products.

The United Kingdom has maintained a stable position in nation brand value (5th place in the world for several years), but because of uncertainty regarding the Brexit process, economic consequences can be unpredictable, which can lead to negative impact on British brand value. Therefore, future of the brand Britain depends on the government ability to mitigate potential danger and discuss conditions for termination of the agreement with the European Union, which would ensure economic interests of the country.

In contrast to their northern neighbors, countries of Southern Europe tend to increase ratings of growth of nation brands value from year to year. After the crisis of the Eurozone, Portugal (by 22 %), Italy (by 34 %), Greece (by 41 %), Spain (by 46 %), and Cyprus (up to 57 %), carried out the necessary reforms, which returned trust of analysts and investors. Maintaining these new levels of trust in the long run will be quite a challenge for economies of Southern Europe, especially for Spain, balancing on the brink of anarchy after elections in Catalonia.

Iceland is the fastest growing nation brand in 2017 (83 % by 2016), while it will continue to grow dynamically in the future [10]. Tourism and industry are flourishing in the country. Their share in GDP is growing due to the traditionally dominant fishing sector. Thanks to the hit TV movie "Game of Thrones", in which most of the episodes with winter scenes were filmed in Iceland, the country had a record of 1.8 million foreign visitors in 2016, the number of visitors increased by 40 % from 2015, which added to economy of Iceland USD 212 million.

Singapore not only retained its position as the strongest nation brand, but with brand strength by index (BSI=92.9), it is the only country with an indicator exceeding 90 [10]. Singapore has a reputation of investing in human capital, especially influencing the result in the section "People and

Skills" in the BSI calculation. The "Future Skills" direction initiated by the government allowed every Singaporean aged 25 and above to provide USD 500 for professional development, which helped to maximize nation potential. More than 400 thousand people trained in 2016. State willingness to invest in development of its own human capital is an example that many other countries are not introducing.

Thus it should be noted that nation brand formation is directly influenced by the following factors:

- development of an investment segment, which includes domestic investment, an analysis of domestic investment development possibilities, as well as risk analysis;
- development of country export potential and imports reduction as incentive to increase employment and provide domestic markets for domestic producers;
- human capital development as a factor in improving innovation production;
- international tourism development as a factor of positive country image formation.

According to *Anholt-GfK Nation Brand Index* nation brand research, countries in the world have somewhat different rankings. The GfK study is a survey of 20,000 adults in 20 countries. The rating evaluates each country, including its culture, government, people, tourism, exports and investment/immigration [5].

Thus, among surveyed 50 countries, the brand United States dropped from the first place in 2016 to sixth — in 2017. (Table 1.6). In addition, the table shows how the rating of countries has changed since 2010, the list of top ten countries has not changed.

**Table 1.6** Nation ranking by Anholt-GfK Nation Brand Index

Nation	Rank 2010	Rank 2016	Rank 2017	Score change 2016 vs. 2017
Germany	2	2	1	+ 0,99
France	3	5	2	+ 1,56
United Kingdom	4	3	3	+ 1,27
Canada	6	4	4	+ 0,96
Japan	5	7	4	+ 2.12
United States	1	1	6	– 0,63
Italy	7	6	7	+ 0,74
Switzerland	8	8	8	+ 1,34
Australia	9	9	9	+ 0,76
Sweden	10	10	10	+ 1,30

**Source:** Built by the authors according to [5]



According to analysts, the reason for the fall in the rating was the "Trump effect", which became the consequence of his political statement on America's primacy. Germany again topped the rating, showing improvements in areas such as culture and government. France has ranked second place for the first time since 2009, showing international optimism towards the recently elected President E. Macron, who promised to make France the "best start-up country". Britain has retained its third position, despite concerns over the influence of Brexit on free trade. Canada has retained its fourth place, while Japan has risen in the ranking compared to last year — from the 7th place to the 5th for the first time since 2011. Italy has ranked 7th position, Switzerland has remained at 8, Australia and Sweden have retained 9 and 10 places respectively.

As the Anholt-GfK Nation Brand Index study explains, countries with strong, positive brands generate goodwill, inviting for cooperation and promoting national economy inclusion in global one. This is a significant advantage in the current global arena, where countries must work together to solve global problems such as climate change, pandemics, and water supply. In addition to this, the leading factor of country outside branding success this organization calls the communication strategy, aimed at using, promoting, evaluating and monitoring the brand's effectiveness and influence [24].

For example, Sweden, which is consistently among the top ten countries in this rating, is the best practice in the field of branding. The brand Sweden has been carefully thought through and constantly monitored by organizations such as the Swedish institute to secure the country's assets and maintain a positive image [35].

This institute also collects data and feedback on Sweden's presentation abroad. In addition, various events and campaigns have been created over the years to promote the brand.

The Brand Sweden portal [34], in particular, identifies advantages of Sweden in various areas, such as: democracy, culture and traditions, nature, business, childcare, economic development, climate change. For example: famous Swedish innovations, such as a pacemaker, *Tetra Paks* and portable refugee shelters; with a population of only 10 million, Sweden has an impressive number of internationally successful brands *Ikea*, *Skype*, *Volvo*, *H&M*, *Ericsson* and *Spotify* [40]; components of social democracy — childcare and care for the elderly, access to social services and gender equality, which indicates the progress achieved now (parental leave has replaced maternity leave since 1974) and outlines the goals for the future (gender balanced councils, equal pay and law enforcement, gender equality in parliament and at workplaces).

Positive strong brand provides "soft power": ability to influence behavior through persuasion, not coercion. Nation brand development is a task of public diplomacy. This concerns the formation of awareness of our mutual

interdependence in the interconnected world and work for the general benefit. It also refers to creation of a linkage of value to all participants, search for a win-win scenario. According to S. Anholt, there is only one superpower on the planet – public opinion [32].

For example, Australia (9th in the ranking) is perceived in the world as a country with benevolent, brave, reliable, active, innovative and capable to do everything people. Hence there is their nation brand: *Australia Unlimited*. The focus is on Australia's largest, unique asset: "not our beaches or our mines but our people at home and around the world" [8]. In this country, the national innovation strategy is to promote new ideas in innovation and science and use new sources of growth to achieve the next stage of economic prosperity. It also stimulates the involvement of other countries in partnership and international cooperation [6]. As a result, Australia has ranked second with the highest human development index (per component of life expectancy, education and per capita income), which highlights the standard of living, health, education, economic freedom, as well as civil liberties and political rights [7].

National companies can, in such circumstances, increase their influence by aligning strategies and operations with their country brand. For example, courageous Australian organizations respond to a very successful national innovation strategy and the key issue of *Australia Unlimited's* continuing pursuit of opportunities. As a result, they gain confidence by positioning themselves as desirable and reliable partners.

Canada, ranked 4th in the ranking during 2016–2017, is number one in the world in three of six dimensions, valued in this study – people, management and immigration/investment. How other countries have accommodated in the dimensions of the Anholt hexagon in 2017 can be seen from the Table 1.7.

Table data shows that: firstly, people all over the world express their desire for Canadians to be close friends; to visit the country; to attract highly skilled labor from Canada. Secondly, Canada is associated with a competent and honest government that is highly respected. Thirdly, it is perceived as a country that ensures the rights of citizens and a fair treatment of them. Canada is also highly appreciated in other aspects of the governance category, such as behavior in the areas of international peace and security, as well as environment protection and poverty reduction. It is also believed that Canada has a high quality of life and equal opportunities, which enhances its ability to attract intellectual and investment capital [13]. At the moment, the Nation Brand Canada is gaining its popularity for a number of reasons. In particular, more and more respondents are not currently endorsing US leadership. In Canada 76 % of respondents said that Germany replaced the United States as the world's highest power; they do not approve the behavior of the US leadership [29], which affects trade, tourism, immigration, international relations and partnership.

**Table 1.7** Nation rating by dimensions of Anholt-GfK NBI

Rank	NBI	Exports	Governance	Culture	People	Tourism	Immigration/ investment
1	Germany	Japan	Canada	France	Canada	Italy	Canada
2	France	United States	Switzerland	United States	Australia	France	France Switzerland
3	United Kingdom	Germany	Sweden	Italy	Italy	United Kingdom	—
4	Canada Japan	United Kingdom	Germany	Germany	Germany	Spain	United Kingdom
5	—	France	Australia	United Kingdom	Switzerland	Greece	United States

**Source:** Built by the authors according to [5]

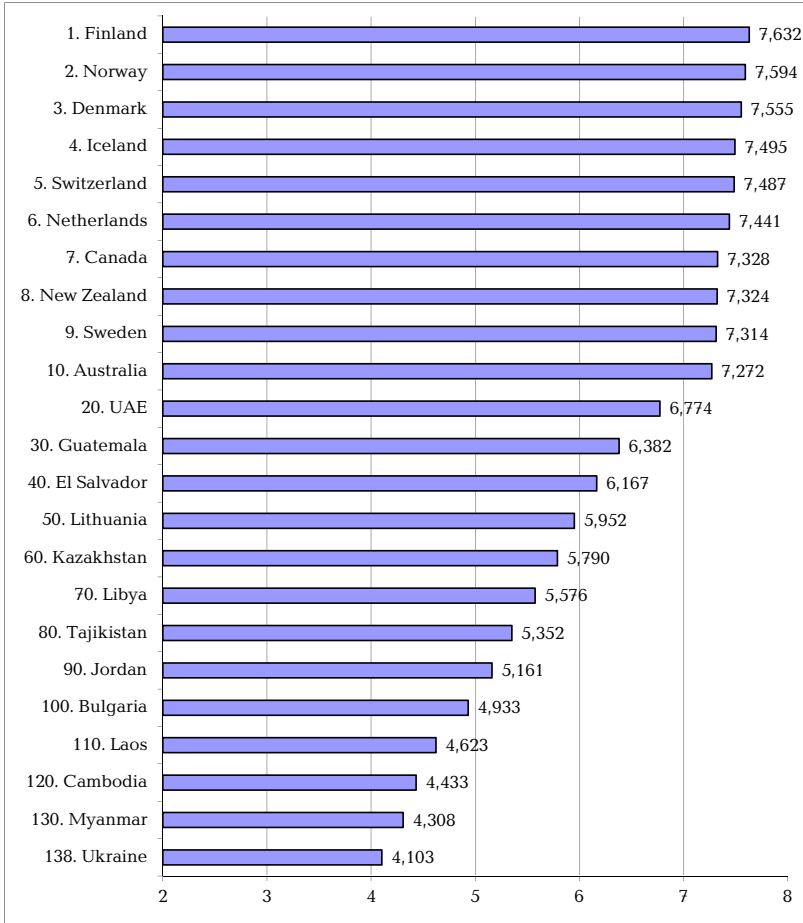
World trends show interesting changes. The new states have common features: peaceful, strong social democracy with large social networks, a healthy economy and fair governance systems. They are trying to influence through reputational power, not through aggression.

These nations are also among the happiest countries in the world, according to six key variables: income, freedom, trust, healthy long life, social support and generosity (Fig. 1.20). In this ranking, Ukraine ranks 138th out of 156 countries, along with Sudan and Togo.

The *Country Brand Ranking* by Bloom Consulting [11] shows the areas of interest of certain country, based on the analysis of a requests number in the global network — exports, investment, tourism, talent, prominence. This index dynamics is influenced by real political and socio-economic events during the year that are reflected in the digital (virtual) world (Table 1.8)

As can be seen from Table 1.8, world community has shown most interest in the United States, China, Japan, India and Germany in dimension “Exports”. In dimension “Investment” top five include: China, India, the USA, Japan and Germany. In the field of international tourism, as in other ratings, traditionally the most notable are European countries: Spain, Italy, France, Great Britain, as well as Japan. Canada, the United States, Great Britain, Australia, Germany have strong positions in dimension “Talent”. The world was more interested in the United Kingdom, Australia, Germany, Canada and Japan in dimension “Prominence”.

The United Kingdom ranks first in this category because of country's significant search for active recreation (golf, hiking and fishing), as well as a particularly large number of searches related to studying mainly at universities, considering that Britain is home to such renowned universities as Cambridge and Oxford. The best universities in the UK often rank first in world rankings. In 2017, Cambridge University ranked fourth in the *Global QS* university ranking, which probably led to an increase in searches for UK universities.



**Fig. 1.20** Rating of the happiest countries in 2015–2017.

*Source: Built by the authors according to [20]*

The result of a significant search increase in dimension “investment” in India was its significant economic growth and business promotion. The country managed to create stable institutions that positively influenced the success of small Indian business and increased investment. In general, India has invested heavily in the strategy of positioning its brand “Nation” as a leading country in the field of entrepreneurship and the IT industry. As an example, the current Prime Minister of India, Narendra Modi, strongly supports the growth of small business in the country and consistently implements regulatory acts for economic development. In 2016, the Government

of India launched the “*Startup India*” program, which envisages providing subsidies to entrepreneurs and easing the rules for Start Up company creation in India. This is just one of many examples of India’s contribution to national economy competitiveness.

**Table 1.8** Country rating according to Bloom Consulting

Rank (variation)	Country	Rating by dimensions				
		Exports	Investment	Tourism	Talent	Prominence
1 (+7)	United Kingdom	6	6	4	3	1
2 (−1)	United States	1	3	15	2	6
3 (−1)	Japan	3	4	5	6	5
4 (0)	Germany	5	5	7	5	3
5 (0)	Canada	9	7	14	1	4
6 (−3)	Australia	13	8	8	4	2
7 (+2)	Spain	10	11	1	7	8
8 (−1)	France	12	9	3	10	7
9 (−3)	China	2	1	12	12	24
10 (+2)	Italy	8	15	2	11	10
11 (0)	India	4	2	17	16	14
12 (−2)	Singapore	18	13	11	9	20
13 (+1)	Mexico	7	14	9	27	34
14 (−1)	Brazil	11	12	25	29	27
15 (+3)	Switzerland	15	18	31	15	13

**Source:** Built by the authors according to [11]

The Future Brand organization calculates the *Country Brand Index* by perception in the world of 118 countries and builds their rating on by perception strength through associative aspects. At the same time, nation brand strategy development is concentrated in three main economic dimensions (Fig.1.21).

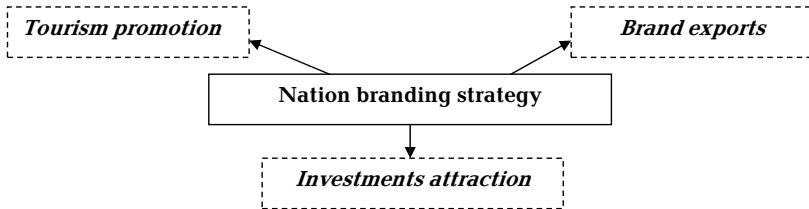
Future Brand offered a classification that clarifies the current position of each country relative to others on the corresponding map. So, countries are classified according to the perception strength according to four discrete typologies.

1. “Countries” – countries that have below average perceptions in both the “Status” and “Experience” dimensions.

2. “Status countries” – countries whose perception strength is biased towards attributes relating to value system, quality of life and business potential.

3. "Experience countries" – countries whose perception strength is biased towards dimensions relating to "Heritage and Culture", "Tourism" and "Made In".

4. "Country brands" – countries that have above average perceptions in both the "Status" and "Experience" dimensions and may have competitive advantages over other countries.



**Fig. 1.21** Main economical elements of the nation brand.

*Source: Built by the authors according to [14]*

Dimensions of "Status" association include attributes:

- 1) "Value system": political freedoms, environmental standards, tolerance;
- 2) "Quality of life": health and education, standard of living, protection and security, the desire to live and study in the country;
- 3) "Business potential": good conditions for business; advanced technologies, good infrastructure.

Dimensions of "Experience" association include attributes:

- 1) "Heritage and Culture": historical points of interest, heritage, art and culture, natural beauty;
- 2) "Tourism": value for money, range of attraction, resorts and lodging options, a desire to visit the country on vacation, food;
- 3) "Made In": make products that are authentic, make products of high quality, production of unique products, and the desire to buy products made in that country.

This study is a kind of SWOT analysis to identify the strengths and weaknesses of nation brand building and identify promising directions for its improvement in the world.

In this approach, it turned out that not all countries qualify as "brands". First of all, out of the 75 countries included in the survey, only 22 apply for "country brands": Japan, Switzerland, Germany, Sweden, Canada, Norway, the USA, Australia, Denmark, Austria, New Zealand, the United Kingdom, Finland, Singapore, Iceland, the Netherlands, France, Italy, United Arab Emirates and South Korea [14].

This means that people in the world have a strong average perception of a country through six dimensions concerning the balance of "status" and

"experience". In other words, they perceive it equally as strong in terms of quality of life, value systems and business potential, as well as culture, history, tourism and the assessment of "Made In".

Countries with perceptions for benefit of quality of life, value systems and business potential are classified as "status countries": Belgium, Qatar and Bahrain. The opportunities for brand creating for these countries lie in the areas of cultural perception, tourism and "Made In".

Countries with a focus on culture, history, tourism and "Made In" are classified as "experience countries" and include countries with places traditionally strongly associated with tourism. The opportunities to strengthen the nation brand of these countries are in the areas of quality of life, "value system" and conditions for business.

The rest of the "countries" are generally weaker than average perceptions of status and experience, although some are stronger than others. For example, Russia and Taiwan are on the verge of nation brands perceptions, whereas Nigeria, Ukraine and Bangladesh have the weakest associations as a whole.

If we consider the advantages of country brands in the sectoral line, it can be noted that Japan, which ranks first, has advantages in many areas, except for food and beverages, trade (retail) and alcohol production (values below the national average) (Table 1.9). Significant advantages of Japan are in the field of technology, household appliances and electronics, as well as automotive industry [14].

Switzerland is far ahead of other countries in the field of luxury goods (laxher) and in the provision of financial services. Germany has advantages in automotive, transport and technology. Sweden has also a number of advantages, but the biggest one is in technology and automotive. Canada has the greatest benefits in the energy sector.

The analysis of this study also allowed us to identify the advantages and disadvantages of countries in regional context.

So, the region of North America and the Caribbean, which owns two "country brands" — the United States and Canada, can be noted in such areas of interest, as: nature, sightseeing, tourism, developed infrastructure, advanced technology. The weaknesses of the region are food, cultural and artistic heritage, historical monuments, and value for money.

Latin America. Lack of "country brands". Advantages: nature, prominent historical sights, tourism. Weaknesses: political freedoms, health and education, living standards, developed technology, developed infrastructure.

European region. 13 "country brands". Advantages: tourism, prominent historical sights, nature, cultural and artistic heritage. Weaknesses: Value for money, food, business conditions, advanced technology.

Pacific and Asia. 5 "country brands". Advantages: tourism, sights, beauty of nature, historical monuments. Weaknesses: political freedoms, conditions for business, tolerance, value for money, resorts and hotels.

**Table 1.9** Countries advantages by sectoral structure

Branch	Value, %					
	Japan	Medium value	Switzerland	Germany	Sweden	Canada
Transport	<b>37</b>	<b>27</b>	22	<b>40</b>	25	<b>33</b>
Technologies	<b>78</b>	<b>32</b>	31	<b>58</b>	<b>40</b>	<b>44</b>
Trade (retail)	17	<b>36</b>	16	13	16	28
Personal and home services	<b>24</b>	<b>17</b>	17	15	<b>21</b>	<b>23</b>
Media resources	<b>25</b>	<b>13</b>	13	20	<b>20</b>	<b>27</b>
Sphere laxher	<b>31</b>	<b>20</b>	<b>57</b>	<b>28</b>	<b>30</b>	<b>23</b>
Internet services	<b>33</b>	<b>12</b>	12	<b>15</b>	<b>18</b>	<b>25</b>
Household appliances	<b>47</b>	<b>14</b>	<b>14</b>	<b>38</b>	<b>24</b>	<b>18</b>
Food and drink	25	<b>38</b>	<b>39</b>	27	32	28
Financial services	<b>17</b>	<b>15</b>	<b>56</b>	26	<b>28</b>	<b>30</b>
Fashion	<b>21</b>	<b>20</b>	<b>22</b>	11	<b>20</b>	11
Energy sector	<b>28</b>	<b>17</b>	17	31	<b>24</b>	<b>40</b>
Consumer electronics	<b>65</b>	<b>16</b>	<b>16</b>	38	<b>25</b>	<b>23</b>
Automotive industry	<b>59</b>	<b>15</b>	9	<b>77</b>	<b>36</b>	<b>15</b>
Alcohol branch	6	<b>18</b>	12	27	15	13
World-famous brands	Sony, Toshiba, Panasonic, Toyota, Nintendo, Hitachy, Honda		Nestle, Novartis, Rolex, Tissot, Lindt, Swatch, Toblerone, Patek, Philippe	Siemens, Volkswagen, Allianz, Mercedes, Audi, Porsche, Bayer, BMW, Lufthansa, Adidas	IKEA, H&M, Volvo, Electrolux, Saab, Scania, Absolute	RBC (Royal Bank of Canada), Toronto-Dominion Bank, Canada Dry, Air Canada, BlackBerry
The number of most expensive companies in world top 100	1		3	4	—	2

**Source:** Built by the authors according to [14]



Middle East and North Africa. 2 "country brands". Advantages: tourism, prominent historical sights, resorts and hotels, cultural and artistic heritage. Weaknesses: political freedom, the desire to live and learn, value for money.

Africa. Lack of "country brands". Advantages: tourism, nature. Weaknesses: developed technology, developed infrastructure, political freedom, tolerance, security and protection, health and education, business conditions.

This study proves one important thesis about the mutual influence of the country of origin with the nation brand. So, while investigating the "*Made In*" aspect, it is concluded that the reputation of high-quality products is the main driver of the country's brand. For example, 70 % of respondents mentioned this about Germany – the best in the top three brands in the 2016 rating. Two other major brand drivers are the desire to visit or study in the country and in association with the availability of developed infrastructure [14].

These three factors determine the biggest gap between "country brands" and "countries" and have demonstrated the strength of consumer preferences for sustainable country brands. In addition, it should be noted that most of these "country brands" are in the ranking of the 100 best world universities [19]. Taking this into account, we can say about the priority directions for countries to create or strengthen the nation brand, consisting of: production and trade in high-quality products; creating attractive conditions for foreign students, workers and investors; infrastructure investments – from communications to energy and transport, which will give strong brand preference over competitors.

From the point of view of corporate brands influence on the nation brand, the rating of the top 100 most expensive corporate brands is quite indicative. According to this rating, which is based on valuation of market capitalization of corporate brands, the top ten countries are (Table 1.10): the United States (with a large margin), Canada, the United Kingdom, Switzerland, France, Germany, South Korea, Hong Kong, Belgium and Taiwan [19].

The analysis of this study also allows us to see which sectors of the country's economy have the main advantages (Table 1.11).

As the analysis showed, most companies in the top 100 most expensive companies are in the financial services sector, with domination of financial companies of the United States and China. Second place was occupied by companies that produce consumer goods (17), among which the leading place belongs to the United States. According to the capitalization level, technology companies are noted (the highest level is USD 4.8 trillion), although their number is slightly smaller (15) and the vast majority (12) also belongs to the United States.

Of course, brands of USA, EU countries and Japan, most of which to date have become international, have an advantage on the world market.

Brands that have been developed and sold in developed countries can literally undermine internal competition in any less developed country, when entering market. For many years, these brands also faced a relatively small consumer imbalance — they received instant approval in countries where consumers are not yet accustomed to powerful, decades-long marketing technologies.

**Table 1.10** The number of companies in the TOP-100 most expensive companies

Country	A number of companies 2009	A number of companies 2018	Market cap 2018, USD bn	Change, 2018 vs. 2009, %
United States	42	54	12187	231
China	9	12	2822	55
United Kingdom	9	5	814	80
Switzerland	3	3	655	77
France	7	4	532	84
Germany	5	4	437	196
South Korea	1	1	298	103
Hong Kong	2	2	290	122
Belgium	1	1	222	121
Taiwan	—	1	220	110
Canada	1	2	216	76
Ireland	—	2	212	201
Japan	6	1	210	165
Australia	1	2	209	61
Spain	2	2	202	23
Netherlands	1	1	165	144
Denmark	—	1	123	388
Brazil	3	1	114	155
South Africa	—	1	107	165
Russian Federation	2	0	0	0
Italy	1	0	0	0
Norway	1	0	0	0
India	1	0	0	0
Mexico	1	0	0	0
Finland	1	0	0	0

*Source: Built by the authors according to [19]*

**Table 1.11** The number of companies in the TOP-100 most expensive companies by sectoral structure

Branch	USD bn	World	United States	China	United Kingdom	Switzerland	Germany
		A number of companies					
1 Technologies	4806	15	12	1	0	0	1
2 Financials	4421	23	7	7	1	0	1
3 Consumer goods	2827	17	6	1	1	1	1
4 Consumer Services (Retail)	2507	11	8	1	1	0	0
5 Healthcare	2230	14	7	0	0	2	0
6 Oil and gas industry	1416	7	2	2	2	0	0
7 Industrials	96 5	8	5	0	0	0	1
8 Telecommuni- cations	604	3	2	0	0	0	0
9 Basic materials	259	2	1	0	0	0	0

**Source:** Built by the authors according to [19]

International brands of developing countries do not yet reach the level of developed countries in terms of their capacity, cost and geographical coverage.

A number of products from transitional and developing countries are still being promoted and treated as goods, while they have to compete not with similar products, but with strong, stable international brands. For example, one-third of the revenue from Kenya's exports is tea, copper and copper ore. They bring 40 % of Chile's exports. Ecuador receives 44 % of its external revenue from the crude oil sale. Therefore, companies are unlikely to achieve high financial performance and world-class recognition without creating any strong international, corporate or commodity brand, so branding is the only way for companies from developing countries to promote future strategic positioning of the company, and will help to effectively compete with international giants dominated in world markets.

Today, most of developing countries are selling non-branded goods to developed countries with a minimum margin of profit, then the TNCs of developed countries increase the value of goods by refining, processing, packing, providing trademark and selling retail to the final consumer.

The developing country in this process performs those types of work which often lead only to the depletion of its resources, while its external revenues remain quite modest. With the development of economic globalization, profits from such deals will be further reduced in the coming

decades, making life as an appendage country increasingly unattractive, because revenues at the other side of the business where the branded product is sold will grow, and will be a tendency towards their reduction on the supplier side [41].

For example, the *"Interbrand"* company, in addition to the research of 100 top global brands, also publishes estimates of the best 12 Brazilian brands (none of which has a significant sales volume outside Brazil and does not cost about a billion dollars, therefore, they are not among the 100 best global trademarks). The total cost of these brands is only about USD 4 billion. (As it was shown above, the best 12 American brands cost about 100 times more). Their value is also differently compared to country income: the income of top 12 Brazilian companies is less than half a percent of GDP, while America's 12 best brands form about 5 %.

If companies from developing countries created international brands, most of their problems caused by the economic crisis would not be so serious. However, as foreign experience shows, successful brand formation is not an easy task. If branded goods export development is supported and encouraged by the government, as stated in the nation brand development strategy, it can really affect the long-term prospects of the country.

The nation brand strategy defines the most realistic and competitive strategic country vision and its interaction with foreign markets. These interactions include types of brands that the country exports; the way it promotes itself in trade, tourism, domestic investment and internal hiring. With careful implementation, such a strategy can have a significant impact on both country internal confidence and external positions [41]. But, as experience shows, nation branding programs rarely achieve meaningful results if they are not backed up by credible commitments from government and exporting companies.

Creating a business for exporting branded goods requires compliance with many conditions: existence of companies that are able to produce products in accordance with the standards required by consumers in the market where they are sold; existence of legal and financial systems that makes production and exports possible, allows the company to offer its products abroad without risk, and enables entrepreneurs who are profit-seeking to find support in this; creation of national infrastructure of information technologies and telecommunications; well thought out and consistent policy of taxation, reliable supplies of raw materials, with the necessary level of qualification, a stable currency.

As an example of how government can contribute to exports development and branded products promotion to the international market, is necessary to bring the experience of South Korea. In 2002, the Government of the country announced its plan to increase Korean branded products exports, bringing their volume up to 70 % of national exports, and to make sure that, at least, ten brands from the 100 most famous international brands belong

to South Korea until 2010. To achieve the goal, five strategies have been developed: internationalization of Korean brands, improved corporate brand management, increased marketing of branded electronic goods, brand marketing infrastructure expansion enhancing the nation's image abroad. The government announced venture fund creation to help exporters improve their product design, opened "industrial design renewal centers" in ten cities around the country to encourage small and medium-sized companies to improve their product design. 300 branded products, that were world-class in terms of technology and design, were selected to support them as leading Korean brands. The brand involved opening of the *Brand Academy* for annual training of approximately 500 professionals in the field of brand management, design of goods and industrial packaging.

In the scientific literature there is an opinion that producers from developing countries consider the creation of an international brand to be extremely difficult business [36], arguing that most world markets are dominated by strong global brands from the US, the EU and Japan. Moreover, experts also argue that they have to overcome the stagnation among consumers throughout the world of their products low quality. However, there are other aspects of branding that need to be addressed by companies from developing countries to achieve international recognition. In particular, the main focus of corporate ideology should be redirected from short-term profits to long-term work to create world brands. Strong corporate brand creating requires significant investment, sometimes at the expense of short-term profits.

In international branding concept formation, developing countries must adhere to the following principles [31]:

- monitoring the impact of the country of product origin on its perception by consumers;
- taking into account in the positioning strategy that if the product has an acceptable price and high utilitarianity, it will be positively perceived in the world market;
- if the goods are fashionable and prestigious, then the company must distance itself from the country of origin, seeking a positive perception in other countries;
- strategic alliances should be formed to promote brands on the world market or to change the brand's offer depending on the foreign market;
- if a company is faced with foreign brands domination situation in foreign markets, it is necessary to resort to market fragmentation, because niche markets may prove to be promising. A company can take its niche in markets of specialized goods and services that are easier to protect.

International brands tend to focus on international business categories. They do not seek to expand the brand into too diverse fields, because in this case they tend to fail [21]. For example, *Hyundai* is not associated in people's minds with every high-quality product. Participants in world markets

are trying not to “dilute” brand influence, otherwise it reduces its impact on buyers.

There are always segments that can be used. The list of such segments includes goods for youth, for wealthy people, and other groups with general characteristics, lifestyle, thoughts and interests. Inside large segments there is always a place for a small player among big brands if his brand does not compete with them directly. Transnational companies have the benefits of pricing, sales, and other important aspects that help them keep their positions on the market and prevent other companies from entering the market [20]. Thus, small companies and brands should have something valuable that they can offer their customers and try to find their niche in the market<sup>1</sup>. These niches can be detected by adapting non-branded products to the requirements of their clients.

Based on the study, the author's conception of the creation and functioning of effective nation brand management (Fig. 1.22), which includes key factors of influence on the nation brand, is proposed based on the following components: macroeconomic, social, corporate and organizational, which will contribute to creating a country positive perception in the world (country brand formation, nation brands ratings positions improvement), which in consequence leads to the growth of country global competitiveness.

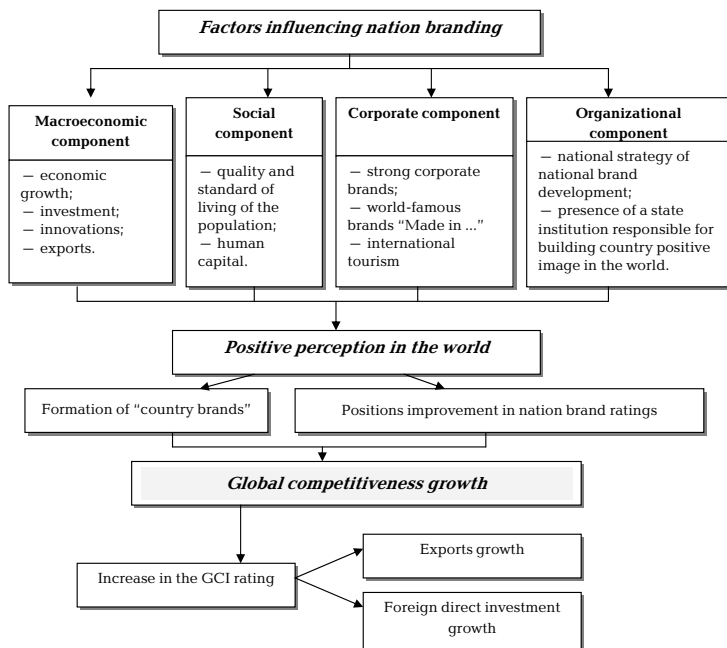
As experience of many years shows, successful international brands begin with a solid base in the domestic market. Before launching an offensive on the world market, it is important to build a strong local or nation brand [16]. For producers in developing countries, who do not have sufficient experience in branding, creating and managing, a regional brand can be the first step in the right direction. If the brand is successful in its developing country, with strong competition and large population, it is easier for manufacturers to gain experience in successfully entering the global market.

## **1.5 Evaluation of Ukraine's nation brand development**

Modern world economy development is characterized by increased globalization and competition intensification between countries, corporations and other subjects of international economic activity. Ukraine is currently not fully involved with globalization processes, most domestic producers are not ready to respond adequately to challenges and needs of world markets. Competitive struggle with transnational corporations is due to unequal forces and opportunities. A large number of well-known global brands stimulate development of Ukrainian goods and services, but, while remaining aside from such new technologies as global branding, Ukrainian exporters are increasing the already significant lag in marketing processes development.

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1 In this case, a «niche» in the market is a group of people with special needs who are not satisfied with the existing brands



**Fig. 1.22** Conceptual foundations of nation brand formation and development.

*Source: Built by the authors*

Commodity markets globalization, vectors change and international competition intensification, harmonization of key regulatory mechanisms of the world trading system, contradictory processes of socio-cultural development, shaping new models of consumer behavior on target foreign markets, objectively necessitate improving the technologies of international trade and marketing activities, in particular formation and development global brands of countries. The problem of country brand managing in the global environment requires, on the one hand, scientific solution of state branding theoretical issues, and, on the other hand, development of marketing tools for strengthening the competitive positions of countries and building the potential of their long-term success on the world market, which is adequate to the modern features of international economic development.

The purpose of this paragraph is to thoroughly analyze Ukraine's ranks in the global economic space by evaluating and comparing leading world rankings in the field of nation branding, ratings affecting the Ukraine's image and some industry ratings. This will reveal potential and weaknesses of Ukraine's positioning in the global economic community to work out effective and well-founded ways of nation brand development and to strengthen its competitiveness and Ukraine's place on the world stage.

It should be noted that interdependence of internal and external Ukraine's images is obvious at the beginning of the XXI century, and is expressed in the fact that the main internal political events of the country are at the center of attention of the world community, and therefore significantly affect state image in the international arena. Improvement or deterioration of nation image depends on positive or negative consequences of these events and on effectiveness of solving domestic policy problems.

According to estimation of the *Brand Finance* methodology, brand "Ukraine" value amounted to USD 68 billion in 2017. Undoubted success can be called the movement of the position of the nation brand from 62 to 61 place from 2016 to 2017. In 2016 Ukraine joined the four countries in terms of growth in the ranking of Nation brands. Then growth was 27 %. But in 2017, our country was not able to achieve the same indicators and did not enter the top 10 of the nation brands at the rate of growth and was on the 61st place, rising to only one position.

In 2017, British company *Brand Finance* (the leader of consulting companies in the field of country branding) in partnership with IMD and World Economic Forum (WEF), assigned to the nation brand "Ukraine" the category "A—" — (deterioration from category "A"), change in brand value was 22 %. In value terms, the increase in nation brand value amounted to USD 12 billion in 2017 — up to USD 68 billion (nation brand value was USD 44 billion in 2015). Their assessment suggests that the brand Ukraine is rapidly developing, although it has not yet entered the top 50 countries.

The analysis of Ukraine's positions in the top global rankings is given in Table 1.12.

If you look at Ukraine's rank in *Nation Brands Index* of Anholt-GfK, it can be noted that in 2015 Ukraine overtook Qatar and Kenya, rising in the *NBI* rating by two positions. This is due to the slowdown in the pace of the Ukrainian-Russian conflict. The highest growth in comparison with other indicators was demonstrated by indicators in the field of governance, as well as improved perceptions of the country in the field of international security.

In addition, Ukraine ranks 87th in the ranking of *The Good Country*, giving way to Cape Verde (86) and ahead of Belarus (88). Ranks in the rating were distributed according to the following criteria: contribution to science and technology, culture, international peace and security, care for the climate, world order, health and well-being were assessed.

According to *The Legatum prosperity index*, which is annually made by the British analytical center *The Legatum Institute*, the standard of living in Ukraine remains at a rather low level, which does not increase positive contribution to state international image. According to this rating, countries are ranked on the results of citizens polls for 9 criteria: economic success, business environment, governance, education, health, safety, personal freedom, social capital and environment.



**Table 1.12** Ukraine's rankings in leading nation brand researches

Organization	Rank of Ukraine (growth/fall)	Countries that are near Ukraine	A number of countries/Year of ranking release
1	2	3	4
Anholt-GfK Nation Brands Index	46 (+ 2)	Qatar (45), Kenya (47)	130/2015
<i>"The Good Country"</i> Index	87	Cape Verde (86), Belarus (88)	162/2017
Brand Finance <i>Nation Brands</i>	61 (+ 1)	Algeria (60th), Slovenia (62th)	100/2017
Country Brand Index Future Brand	74	Pakistan (73)	75/2015
<i>The Global Competitiveness Index</i> (WEF)	81 (+ 4)	Nigeria (75)	137/2017
The Global Innovation Index	50 (+ 6)	Bhutan (80), Brazil (82)	127/2017
Index of Economy Freedom	150 (+ 16)	Thailand (49), Qatar (51)	180/2017
Easy of Doing Business	76 (+ 4)	Sierra Leone (149), Cameroon (151)	190/2017
The legatum prosperity index	112 (without changes)	Kyrgyzstan (75th), Bhutan (77)	149/2017
Paying taxes ranking	43 (+ 41)	Burkina Faso (111), Bangladesh (113)	189/2017
Global Peace Index	154 (+ 2)	Cyprus (42), Romania (44)	163/2018
Readiness for the Future of Production [25]	67 (+ 2)	D. R. Congo (153), Central African Republic (155)	100/2018
The Global Enabling Trade Index	95 (− 9)		136/2016
Iron ore mining rating	7 (without changes)	South Africa (6), United States (8)	2017
Global Firepower index	29 (+ 1)	Greece (28), Czech Republic (30)	2017

Continuation of Table 1.12

1	2	3	4
Top Potato Producing Countries	4 (without changes)		2017
List of countries by iron ore production (U.S. Geological Survey)	7	South Africa (6), Canada (8)	Top 10
<i>Rankings in world exports</i>			
Agroproducts:			
– sunflower oil	1		
– barley	2 (+1)		
– corn	3 (+1)		
– honey and nuts	3 (+1)	Argentina (2)	2016/2017 (Top10/20)
– wheat	6		
– flour	11		
– flakes	12		
Weapons	9	The Netherlands (10)	2016
Roads quality country ranking	130 (+7)	Mozambique (129), Paraguay (131)	137/2017

*Source:* Built according to [64]

Ukraine ranked 112th in the list of 149 countries, ahead of Burkina Faso and behind Bangladesh. In front of Ukraine in this ranking were Laos, Kenya, Zambia, Tanzania, Senegal, Malawi and even more than a hundred countries. Statement by Satu Kahkonen, the World Bank Country Director for Belarus, Moldova, and Ukraine, about the highest poverty level in Ukraine today than 5 years ago did not contribute to positive state image establishment. If in 2014, 15 % of population of Ukraine lived below the poverty line, then at present percentage is 25.

Ukraine ranked 154th in the *Global Peace Index* published by the Institute of Economics and Peace. 163 countries are investigated in the rating in total and Ukraine is located in practically a dozen outsiders. When ranking, experts took into account the level of social protection

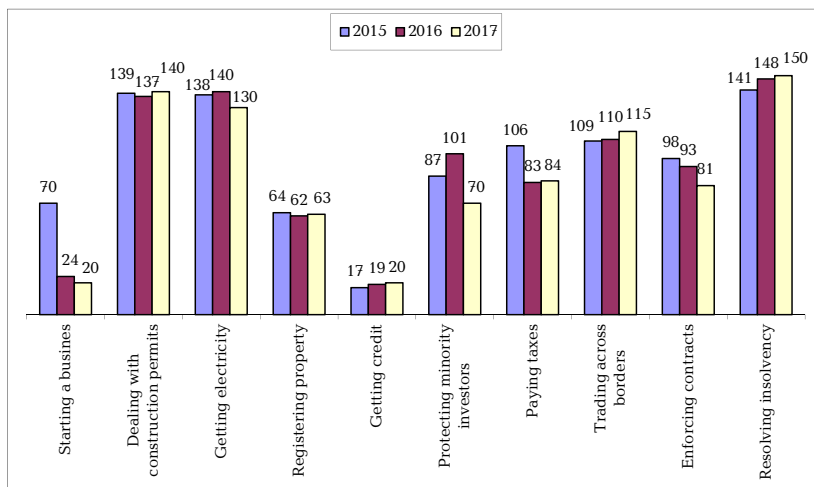
and security, scale of a long internal or international conflict and the level of armament.

The analysis showed that Ukraine is demonstrating obvious progress in point-based ratings that assess economy in one or more close directions. For example, Ukraine's progress in *Paying taxes ranking* or *Doing business* rating is positive and corresponds to the real situation (Fig. 1.23), taking into account that other countries also do not stand still. A recent survey by the European Business Association showed that the investment climate and business environment in the country have improved considerably – the index in 2017 reached the highest mark since 2011.

It should be noted that according to experts of the World Bank, effect of positions increasing in the Doing Business rating is measured by additional investments in the country in amount of USD 500–600 million for 1 position.

The expert group of the Ukrainian Institute for the Future [108] calculated the annual volume of necessary investments for country's economic development – USD 20 billion. Therefore, in order to attract such investments, Ukraine should rise in the ranking of 40 positions due to the completion of regulatory reforms in:

- 1) tax policy;
- 2) judicial system;
- 3) land relations – free land market;
- 4) currency system – currency liberalization;
- 5) international trade sphere.



**Fig. 1.23** Ranks of Ukraine according Doing business indicators, 2015–2017.

*Source: Built according to [15]*

Significantly worsened Ukraine's position in the *Global Enabling Trade Index*, published by the World Economic Forum. The index shows how public institutions, policies and infrastructure contribute to the free movement of goods across borders to destinations. The country ranked 95th in the ranking from among 136 countries, dropping by 9 positions in two years. The deterioration of Ukraine's rating positions was due to all major indicators of the Index. Moreover, our country has lost most of the indicator, which characterizes country business climate, moving from 106 to 125th place.

International trade is complicated by the amount of time and cost of processing export-import operations. The cost of processing documents for exports is USD 292, for comparison in the OECD countries – USD 36; for imports in Ukraine – USD 212, in OECD – USD 26.

The lack of significant progress in more comprehensive economic ratings is not accidental. Ratings such as *The Global Competitiveness Index*, *Index of Economy Freedom* or *The legatum prosperity index* are systemic and cover many areas and constituents that are not always directly related to the economy or are not capable of rapid changes (for example, infrastructure). They also take into account factors that are independent of country's leadership (armed conflicts, natural resources) and are based on a rather long list of historical data (3 – 5 years).

However, given the low starting positions, Ukraine could rise above and in the system rankings. If we examine individual components, the country receives the lowest estimates in areas related to governance. This is property rights protection, the level of corruption, and effectiveness of judicial system. In this case, external factors do not play a role, because everything depends on the political will of power branches. The result will be not only position improvement in ratings (which is good, but should not be the main goal), but also capital inflow from foreign investors, for whom the weak protection of property rights remains the main obstacle, bank lending growth, development of national business and, as a consequence, economy and welfare of citizens growth. All this will affect country image in the world.

In addition, it should be noted that although Ukraine is inferior to more developed countries in many ways, there are sectors in which Ukraine is ahead, and which constitute a positive basis for state economic image. For example, rating made in 2015 ranked Ukraine the 7th by the amount of iron ore mined in the country (Table 1.12). The index of our country's production was 67 thousand tons. Ukraine remained at 7 rank in 2017, despite the fact that indicators fell compared with 2015. The rating was made by the United States Geological Survey, which specializes in biology, geography, geology and hydrogeology. Although its main task is to study the US exploration of minerals, it often publishes various reports, including the aforementioned rating. With its indicators, Ukraine has outstripped the US and Canada, and well ahead of the 10th place (Iran). But our country is still very far to the top three, because even China (3rd place) produces about 375 thousand tons.

In 2017 Ukraine ranked 29th in the ranking of world's armed forces, which can not be considered a great achievement, since in 2011 it was 21st. In fact, in a state of war, our country would have fallen far below 29 seats among most indicators in 2011. This place was awarded through the methodology used to calculate the military power of Global Firepower. The fact is that a lot of bonuses are given for the presence of nuclear weapons in the country and for NATO membership. Since Ukraine has declined from nuclear weapons, and has not yet entered NATO, then the corresponding advantages was not added in the rating. However, it should be noted that there is a war in Ukraine, which has led the country to lose a lot of equipment and to spend ammunition on a daily basis. In addition, Global Firepower fined the country for a large external debt (which is present in Ukraine) and a large amount of oil consumption. Since military technology spends a lot of oil, and fighting in eastern Ukraine practically does not stop, and for this aspect the points were withdrawn for the country.

In our view, such a high rating, despite large number of negative factors, can speak, among other things, about significant potential of armaments and military equipment production, and this sector can become an influential factor in economic growth in general. In support of this, it should be noted that Ukraine occupies a high place in the list of arms exporters — 11th place (although it lost two positions in 2017), providing 1.7 % of world exports of arms. The main exporter of arms remains the United States (34 %), in the second place — Russia (22 %), in the third — France (6.7 %). The main importer of weapons remains India.

It is also known that our country occupies far not the last places in ratings of agrarian industry, but few know how high Ukraine is. Ukraine ranked 4th in the world in terms of potato production area size. Although the indicator is very high, our country still has a place to grow. Indeed, Ukraine occupies only 98 position for such crop yields of this product. Processing of products is also not perfect, but now Ukrainian farmers have learned to yield not less than their counterparts in Holland and Belgium. Thus, the potential of the agrarian sector in Ukraine is enormous.

By the end of the 2016/2017 marketing year, Ukraine took the first place in exports of sunflower oil, barley — the second, corn, nuts and honey — the third, wheat and seeds of oilseed crops — the sixth place.

At the same time, exports of agricultural products in Ukraine, (the sector is 12 % of GDP), are highly geographically diversified. Ukraine supplies the overwhelming part (more than 55 %) of agricultural products to India, Egypt, the Netherlands, Spain, China, Turkey, Italy, Poland, Iran and Belarus.

Growth of exports of products from Ukraine in 2017 was noted in all sectors of agroindustrial complex, but the absolute record was fixed by honey. Income from the exports of beekeeping products for 2017 amounted to USD 87 million.

The agrarian business attracts more and more entrepreneurs. Already now there are almost 45,000 enterprises in agriculture. About 2500 of these are large and medium. The successes in the largest agrarian companies activities are indicative for thousands of others. The combined revenues of the ten largest Ukrainian agroholdings in Ukraine exceeded USD 7.3 billion in 2016. And in most of them revenue has increased compared with 2015. Therefore, it can also serve for opportunities prospects for agrarian potential development.

In our opinion, Ukraine still needs to focus on traditional industries and the agrarian sector growth (at least in the short term to restore economic growth), since the country can not compete with developed countries on the technological level, in which technological sectors are the leading sectors. In support of this, we can cite the results of the World Economic Forum global study dedicated to economies readiness of different countries to the Fourth Industrial Revolution, which, according to experts, is currently taking place in the world and is gaining momentum.

Scientists predict that new technologies, such as "Internet things" (for example, "smart home" systems, digital displays, vending machines), artificial intelligence, robotics, and others, are rapidly emerging, which stimulate the development of new production methods and business models that fundamentally transform global production in the near future. The authors compared the economic indicators of the 100 largest states and figured out how much they were prepared for new realities.

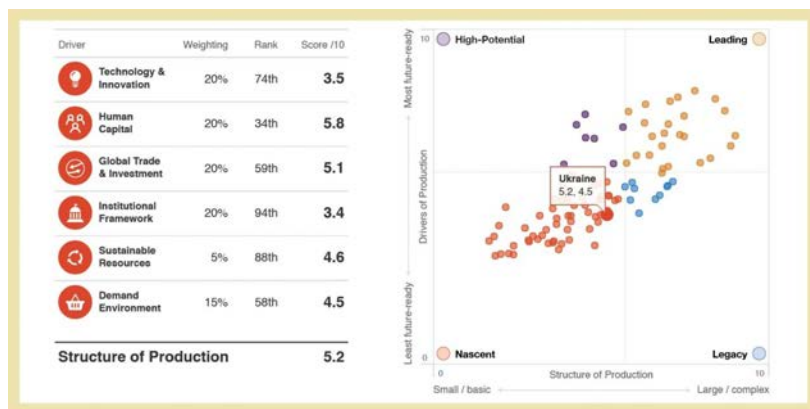
Not surprisingly, that Ukraine has fallen into the number of developing countries in this ranking. The graph on the right shows (Fig. 1.24), in what place is our country on a global scale. Emerging economies are marked by red. And in the figure on the left, it is clear that, unfortunately, Ukraine is not yet close to other groups with higher rates for all indicators. As a whole, it occupies 67th place by production indicators from 100 countries over the world.

However, according to the graph on the right, it is clear that in its group Ukraine is far from the last place, and is quite close to borders of other groups, where countries with more progressive economies are gathered. Also, Ukraine ranks 50th of 127 countries according to The Global Innovation Index with rapidly expanding its positions (+6 ranks in 2017). And so, if the Ukrainian economy is developed in the right direction, the country will get into one of these groups in the long run.

Exported products (goods and services) are played an important role in country image promotion. While it's quite difficult for foreign consumers to draw a parallel between Ukraine and the goods they would like to buy here. None of the Ukrainian brands has become so popular in Europe, North America or Asia to improve the reputation of Ukrainian goods.

Among the well-known Ukrainian brands, there are only a few: Nemiroff, Roshen, Morshynska, Sandora; Metinvest (the largest producer

of iron ore and steel in Ukraine and one of the largest in the CIS); Kyivstar, CJSC "Ukrainian Radio Systems"; PJSC "Zaporizhtransformator", which is one of the largest specialized enterprises in the world of transformer-building and occupies a leading position in Ukraine and CIS countries for the production, supply and servicing of power and distribution transformers, special purpose transformers of the whole range of capacities and voltages, switching devices for regulating transformers; Fozzy-Food LLC is a structural unit of Fozzy Group, one of the largest retail operators in Ukraine; ATB trademark; PJSC "Arcelor Mittal Kryviy Rih" — the largest metallurgical enterprise of Ukraine; "MTS Ukraine"; "Motor Sich" is one of the world's leading companies involved in development, production, repair and maintenance of aviation gas turbine engines for aircraft and helicopters, as well as industrial gas turbine plants; "NIBULON"; METRO Cash & Carry, which is a trading company of METRO Group, one of the largest trading companies in the world [37].



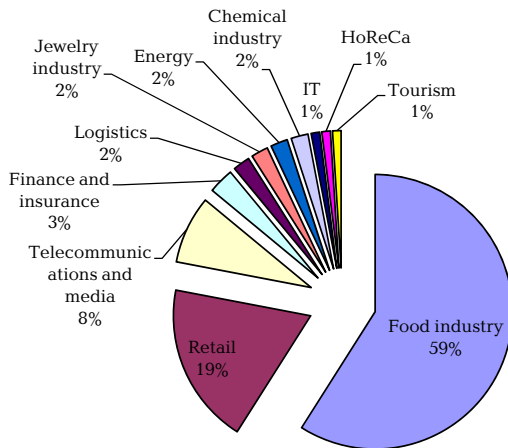
**Fig. 1.24** Indicators of Ukraine in the ranking of Readiness for the Future of Production (WEF).

*Source: [33]*

However, it should be noted that if the total value of the 100 most expensive brands of the world is USD 20035000 billion, then the top 100 Ukrainian brands value is USD 5451.2 million. Moreover, most of them (78 %; USD 4252 million) are food industry brands (food, beverages, beer and alcohol) and retail brands (Fig.1.25). This suggests that the Ukrainian leading companies are oriented towards the domestic market, and also carry out their activities at the expense of imports, leading to its growth. Experts note that, in general, only one Ukrainian brand can enter the world elite of the top 100 most world's expensive brands of Interbrand company. "Kyivstar" brand value is USD 168 million. While Broadcom, which ranked 100th, estimated at USD 97 billion. Howev-

er, even if the operator's trademark is several times more expensive, it is unlikely to find itself in the Top 100 list because it lacks globalization. To get into the Interbrand rating, a brand must generate more than 30 % of revenue due sales outside their own country [65].

The structure of the Ukrainian economy is clearly demonstrating the ranking of industries in terms of aggregate income. According to it, our economy is strongly tied to raw materials. Therefore, Ukraine has image of a supplier country of raw materials for enterprises in other countries. That is, Ukraine sells for export cheap raw materials from which competitor countries produce value-added products and, thus, give work to their citizens, fill the budgets with taxes. On the other hand, Ukraine is dependent on imported energy. Each year, gas, oil, coal and nuclear fuel are imported into billions of dollars. At the same time, there are extremely small amounts of aggregate income in industries with high added value in domestic economy. These are machine building, chemical industry and IT. Although in the last area a significant part of the money is in the "shadow".



**Fig. 1.25** Sectoral structure of the top 100 most expensive brands in Ukraine.

*Source: Built according to [37]*

In particular, according sectoral structure of economy, the energy sector has traditionally taken the first place in terms of income — UAH 886 billion. The mining and metallurgical complex is on the second position with a total income of UAH 416 billion. The agro-industrial sector is on the third place with the result of UAH 352 billion. The MMC has grown by UAH 38 billion, while the agro-industrial complex grew by UAH 54 billion compared to 2015. Table 1.13 shows the top 10 Ukrainian companies with the largest revenue in UAH billions.



**Table 1.13** Top 10 biggest Ukrainian companies

No.	Company	Kind of activity	Revenue (UAH billion)	Profit/loss (UAH million)
1	NJSC "Naftogaz of Ukraine"	Energy: import and sale of natural gas	161,38	26 528,99
2	SE "Energorynok"	Power engineering: plans the work of the system of OEC, carries out calculations	131,02	1 283,49
3	PJSC "Ukrgezvydobuvannya"	Power engineering: gas and petroleum products production	55,04	12 083,94
4	PJSC "Arcelor Mittal Kryviy Rih"	MMC: steel smelting, production of rolled products	52,96	2 704,12
5	ATB-Market LLC	Retail: products sale through their own supermarkets	48,38	1 605,43
6	Kernel-Trade LLC	APK: grain export	42,61	185,33
7	Tedis Ukraine LLC	Distribution: tobacco products sale	42,42	– 1 224,42
8	PJSC "Ukrtransgas"	Power engineering: transit, storage and supply of gas	38,39	– 3 074,28
9	DTEK Trading LLC	Energy: coal sales	37,10	– 620,26
10	SE "NAEK "Energoatom"	Power engineering: production of electric power	36,07	187,13

*Source:* [113]

Retail and distribution are located in the middle of the ranking with results of UAH 248 billion and UAH 150 billion respectively. The smallest sectors in terms of the total income of enterprises are the chemical industry (UAH 58 billion), telecom/IT (UAH 43 billion), and mechanical engineering (UAH 18 billion).

Analyzing the activities of domestic enterprises main obstacles can be identified. These obstacles, which adversely affected their competitiveness in the global market, can be divided into the obstacles of "supply", "doing business", "access to markets" and "development".

The obstacles of "supply" include: low labor productivity and low labor mobility, difficulty in obtaining loans, low levels of domestic and foreign direct investment, and an insufficient system of innovation support.

The obstacles of "doing business" include: insufficient competition in some economy sectors, outdated transport infrastructure and industrial

structure, over-regulation and bureaucracy of procedures, lack of effective means of protecting intellectual property rights, inefficiencies in customs procedures and low level of institutional support.

Insufficient use of preferential trade opportunities, difficulties in complying the requirements of technical regulations, limited knowledge of requirements and conditions for access to foreign markets, insufficient measures to promote Ukrainian goods are obstacles for access of Ukrainian goods and services to foreign markets.

The obstacles of "development" are high levels of poverty, population decline, skilled workers outflow, gender inequality, interregional differences and a number of others.

As shown by the analysis, the increase of positions in complex global indices largely depend on such factors as: use of advanced technologies, availability of high-tech production, and human capital development.

At present, the scientific and technical potential of Ukraine is not fully being used. Most of research conducted by Ukrainian scientists has no practical application, and, as a result, scientific institutions are excluded from the system of market relations. Therefore, the development of a continuous production chain from research to final product production is of paramount importance.

The technological gap between Ukraine and developed countries is deepening every year. The transition to an innovative economy is slow. In Ukraine, innovation development institutions (venture funds, business incubators, technology and science parks, technology clusters, etc.) exist nominally, their activities do not meet modern requirements.

The Law of Ukraine "On Innovation Activity" [62] provides introduction of innovative programs and plans, but their funding is limited.

Innovation is critical to production diversifying, productivity increasing, and added value increasing. With the goal of a gradual transition to a more innovative economy, it is necessary to promote foreign direct investment attraction to develop innovations through the technologies transfer and their import.

The economic goal of creating a positive image of Ukraine abroad is to increase its investment attractiveness. As shown by preceding paragraphs analysis, business image must include civilization, transparency and social responsibility (environmental and technological security, financing educational and scientific programs, developing social packages for employees of enterprises and companies, etc.) in order for political and economic parameters to become attractive for investment in the modern world community.

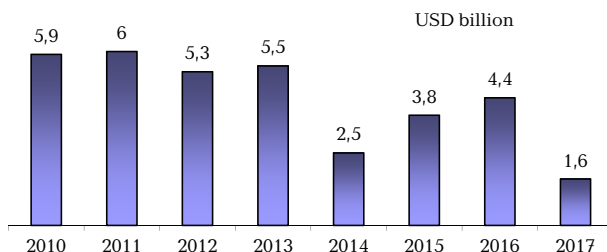
The reasons for the investment unattractiveness of Ukraine are rooted in a permanent political crisis and controversial economic policy. The unresolved issues of stimulating investment in new technologies and equipment threaten not only the deepening recession in the near future, but also the destruction of Ukraine's economy in the future. Military conflict and associ-

ated risks have hit hard for investments in Ukraine in 2014 and still continue to affect the desire of foreign capital to invest in the country's economy. So, now the level of investment in the Ukrainian economy is still returning to pre-war indicators, although there is a slight positive dynamics.

According to the State Statistics Service, foreign investors from 76 countries of the world invested USD 1,630.4 million direct investment (equity) in the economy of Ukraine in 2017 [66] (Fig. 1.26).

Volume of foreign direct investment (equity), attracted in the economy of Ukraine from the start of investment, amounted to USD 39,144.0 million on December 31, 2017 (Fig. 1.27).

Increase in foreign direct investment volume in the economy of Ukraine at the level of USD 3.8 billion in 2015 and at the level of USD 4.4 billion in 2016. was achieved largely due to reinvested Ukrainian capital.



**Fig. 1.26** Dynamics of direct foreign investment inflow to Ukraine.

*Source:* [66]

Investments are diverted into already developed areas of economic activity. Thus, at the end of 2017, the largest volumes of direct investment revenues were sent to institutions and organizations engaged in financial and insurance activities (26.1 %) and industrial enterprises (27.3 %).

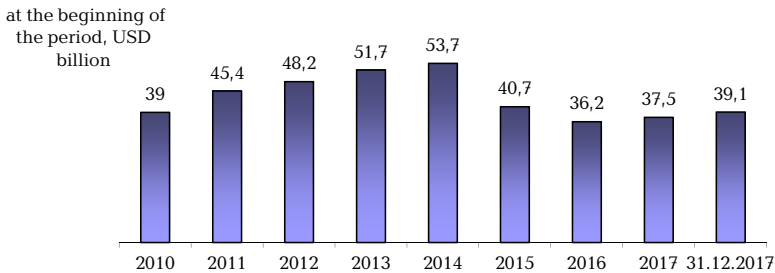
The main investing countries are Cyprus – 25.6 %, the Netherlands – 16.1 %, the Russian Federation – 11.7 %, the United Kingdom – 5.5 %, Germany – 4.6 %, the Virgin Islands (British) – 4.1 %, and Switzerland – 3.9 %.

Also, it should be noted that in the ranking of agency Moody's Investors Service Ukraine has improved its credit rating in the international economic list. It has changed from Caa3 to Caa2, which means changing the forecast from "stable" to "positive".

Despite the relative advantage of Ukraine in the agricultural sector, its share in the total volume of attracted foreign direct investment remains extremely limited (1.3 %) and hardly exceeds USD 500 million.

Obstacles to investing are unfavorable geopolitical situation, corruption, imperfect procedure for resolving problems of insolvency of enterprises, underdeveloped transport infrastructure, weak institutional structure, that is not able to provide sufficient level of protection of investors' rights as

property and intellectual property rights, as well as imperfect law enforcement institutions and high level bureaucratization of state bodies.



**Fig.1.27** Dynamics of volume of direct foreign investments in Ukraine\*

\* Statistical data on direct investments, which were generalized at par value based on information of enterprises (organizations, institutions) within the framework of the state statistical observation "Investments of foreign economic activity", were revised taking into account administrative data of the NBU on the market value of FDI enterprises and institutions in order to ensure coherence of interconnected indicators of direct investments of the NBU and the State Statistics Service.

*Source: [66]*

There are currently no effective investment incentives for both domestic and foreign investors in Ukraine. Therefore, according to the Global Competitiveness Index of 2016 – 2017, Ukraine remains at 133rd among 138 countries in the category "impact of tax incentives on investment attractiveness".

Taxation holds back the investment attractiveness of Ukraine, because the overall tax rate is 51.9 %, in the OECD countries – 40.9 %, and in countries of Europe and Central Asia – 33.8 %.

One can agree with the opinion of the director of Local Currency and Capital Markets Development department of the European Bank for Reconstruction and Development A. Kuusvek, who noted that investment climate depends on such criteria as country's potential, macroeconomic and financial stability, as well as real agreements in its economy. A. Kuusvek said that taking into account these three points, Ukraine has the potential: a large country with good opportunities in such industries as metallurgy, agrarian industry, etc. But it lacks the macroeconomic stability that exists in many other countries with similar data. Although, as noted, Ukraine rose in the World Bank's Doing Business 2018 rating by +4 points and ranked 76th out of 190 countries, however, Ukraine is among high-risk countries in Asia and Africa on this scale. A. Kuusvek said that bureaucracy and pressure on the real sector, corruption and complex laws are abnormal in terms of development and create obvious problems for investors that hinder business climate improvement.

In addition, the Swiss ambassador to Ukraine K. Shonenberger said about pessimistic attitude of investors and their reluctance to invest in the economy of Ukraine. K. Shonenberger also said that investors do not want to invest in a country where judicial system is not independent, and this impedes the country's economic development. Courts have not yet achieved full independence in Ukraine, and still have to work on it. According to him, it is important that the society understood the necessity of judicial independence and fought for it. K. Shonenberger also thinks that if judges are independent and make independent decisions, the European Court of Human Rights will have fewer complaints from Ukrainian citizens. The Swiss ambassador stressed that no one wants to invest in such a system, and in event of investments, investors will avoid any contact with judicial system. Many businesses consider it the best to sue in London or Switzerland, this probably shows a lack of confidence in national judicial system [87].

Thus, situation in investment climate, as before, besides factors of the macroeconomic environment, is burdened with negative factors: fiscal pressure, corruption, unstable political situation on the eve of the election – dissonance of strategies and promises of political forces.

France with its rebranding campaign called "France – Mecca for Investors" can be worthy of emulation example of creating investment attractiveness. The purpose of the campaign was to overcome the stereotypical perception of France as a glamorous country and, most importantly, to attract investors from The United States, the United Kingdom, Germany, China and Japan. The Invest in France Agency (IFA), was specifically invited for this to search and present everything that could make France more attractive for potential investors. So, the organization of interviews with the leaders of leading business companies that operate in France was successful. They managed to present this state as a country of new opportunities for big business. The result was not long in coming. According to UNCTAD, France became third in the ranking of countries that have attracted foreign investment [100, p. 88 – 89].

In this case, we are talking about the presence of a powerful organizational component of the country's branding. As for Ukraine, one can say that certain changes have previously occurred in this direction. So, since 2003, work has constantly been carried out to improve the image of Ukraine abroad.

The first step at the national level aimed at the organization of coordinated and integrated work of the executive authorities to ensure the formation of positive international image of Ukraine was the implementation of relevant the State Target Program for Formation of Positive International Image of Ukraine for 2003 – 2006 [91], which should provide an opportunity to correct the situation with the representation of our state in global information space. In 2009, the State Target Program for Formation of Positive International Image of Ukraine for the period until 2011 [93] was approved,

in which two options for organizing state image formation process were considered. The first is the creation of a specialized state body, which is tasked with providing permanent, operational and coordinated inter-agency preparation level and dissemination of positive information about the country in global information space. According to the second option, most state authorities are involved in the implementation of measures to form state image. Taking into account that specialized state body formation requires significant expenditures of the state budget, the second option was chosen as more acceptable for Ukraine.

The Concept of the State Target Program for Formation of Positive International Image of Ukraine for 2012 – 2014, developed by the Committee of Formation of International Image of Ukraine under the Ministry of Foreign Affairs of Ukraine, is complemented by the second proposal to include public non-governmental organizations in the process on a grant basis. The choice of the second option is also justified by its efficiency.

However, conceptually in the documents examined there were practically no differences. This indicates a formal approach to this problem by the state. Therefore, it becomes clear that no effective results have been received from implementation of these programs. At the same time, significance of formation of positive image of Ukraine beyond its borders (and even more so in it) was significantly underestimated by the state. The content of the Concept only formally reflected national interests of Ukraine, it did not take into account either laws of political development, mentality of Ukrainian people, or geopolitical potential of Ukraine.

This window of opportunity for Ukraine opened with the beginning of 2014. A number of external factors associated with Russian aggression and desire of civilized world to help Ukraine have never helped re-launch country's position in the world. Having a range of options and choosing the "role of the victim", we have received a variety of support for a long time. But this can not last indefinitely. Therefore, other factors should be used to position the country as a country that actively implements anti-corruption policy, adhere to principles of democracy, rule of law, market economy, has developed innovative, scientific and technical, industrial, agricultural and tourism potential, cultural and historical traditions – of course, if all this really has a real implementation.

Positioning Ukraine in the world and promoting its interests by information means is not the task of any one ministry. Planning, building a system of narratives, coordinating, finally responsibility are absolutely required [100]. At the beginning of 2015, a group of promotion of interests of Ukraine in the world was created under the National Reforms Council. But, unfortunately, the meetings were not regular, and in 2015 the group was closed.

Now it is premature to talk about emergence of a system of well-thought-out and reasonable approaches to definition of effective, and most

importantly, adequate to country's foreign policy task, images aimed at various external audiences. The text about Ukraine on the BBC website, which contains brief references about the countries of the world as of March 2018, can be shown as confirmation of this thesis. This text begins with words that Ukraine gained its independence after the collapse of the Soviet Union in 1991 and since then has constantly changed the course, seeking closer integration with Western Europe, then being drawn into the orbit of Russia's influence, which sees a threat to its interests in Ukraine's desire to be closer to the West. And not a word about achievements or advantages of the country.

Consequently, we have to admit that the main reason that complicates the process of formation of positive image of Ukraine is the state authorities efforts lack. As a result, there is no effective image creation program in the state. At present, this issue is only superficially encountered in the State Program for Cooperation with Foreign Ukrainians for the period up to 2020 [92], implementation of which should facilitate intensification of cooperation with foreign Ukrainians, satisfaction of their national-cultural and linguistic needs, attraction of the Ukrainian Diaspora's potential for affirmation of positive image of Ukraine in the world, state economic interests promotion. Financial support from budget funds was allocated for this program implementation [94]. ("According to the CMU Resolution "On Approval of the Procedure for Using the Funds Envisaged in the State Budget for Financial Support to Ensure International Positive Image of Ukraine and Implementation of Activities to Maintain Connections with Ukrainians Living Abroad" [94] Ukraine").

Of course, financial security is an important condition of image policy effectiveness, but not the only one. Political scientist A. Paliy notes, that image is formed not so much by programs, but by real actions, and efforts of image formation and money allocated to it only shade the real situation. He thinks that country can throw huge money in its image, as does Russia, and have a terrible look on the international arena because reality is not true [85]. Analyzing the situation prevailing after the events of 2004, A. Paliy assessed Ukrainian authorities actions as deteriorating state image. Of course, the endless conflicts between the President and the Prime Minister could not but undermine image of Ukraine: if the leaders of the country can not reach agreement at home and go abroad in support of other peoples, this negatively affects country image [85].

A. Fedyakina convinces that the ability to form a stable positive image of the state in consciousness of compatriots and international community is extremely important for those who carry out practical policies in it or on its behalf, and is an indicator of their foresight. On the contrary, ill-considered actions of officials — implementation of a package of dubious social reforms, armed aggression against another people, suppression of dissent and opposition, violations of the international protocol during the official visit, sharp public statement of the head of the country — deform the state image,

form an impression of it as a substance, which chaotic wanders in time and space in search of their identity, interests and values, internal and foreign policy orientations, etc. [107, p. 23].

In our opinion, the prospects of formation of positive foreign economic image of Ukraine are associated with implementation in the future of several important provisions:

- Ukraine – a country that voluntarily renounced nuclear weapons, made a huge contribution to the system of international collective security; belongs to the largest exporters of weapons in the world;
- Ukraine seeks to become a sports country (high-level European Football Championship Euro 2012 was held; claims to host the Olympics 2022);
- Ukraine has a number of potentials by which it can lead in the world. These are agricultural, tourism and scientific and technical potentials;
- Ukraine is a reliable guarantor of food security in the world. Ukrainian exports of agricultural products come to more than 190 countries of the world and the country holds leading positions on the world market, in particular, in exports of oilseeds and grains;
- Ukraine has space technologies and is seeking to develop them.

In addition, it should be noted that the state's capabilities on the international scene must be significantly enhanced by the activity of Ukrainian business. This seems to be quite obvious, however, in our opinion, there are significant risks of losing the authority of Ukrainian business in foreign markets and the main reason is not in technology, quality or professional training of personnel, but in business environment reputation in general.

Consequently, foreign economic image of Ukraine should be considered in modern terms as a kind of project activity, which involves: purposeful formation of a positive attitude to the country of potential foreign trade partners, investors, tourists; achieving political success in the international arena; promotion of elements that demonstrate country uniqueness in the world; conducting international advertising campaigns of educational character; dynamic response to unjust attacks against the country and its citizens.

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## Chapter 2

# Theoretical and methodical principles of nation branding

### 2.1 Evolution of scientific thought about nation branding

The origins of nation branding idea are based on historical roots of development of different nations and territories and are directly related to changes in marketing and branding concepts.

Branding is derived from the term "brand", the etymology of which is associated with the Norwegian words "brann" and "brandr" – fire and burn [31], which in the V century B.C. after their arrival in the Anglo-Saxon language group began to mean "stigma" and "put a mark". The results analysis of modern definitions of the concept "brand" by K. Dinny [14] allow us to state that there are now two main approaches to its definition:

1) visual, when attention focuses only on the visual manifestation of the brand;

2) multifaceted, when there is an attempt to characterize brand essence comprehensively.

At the same time, evolution process of the concept "branding", indicates the presence of a larger number of scientific approaches to its meaningful interpretation (Table 2.1), from the stage of its identification exclusively with the applied activity, aimed at development of competitive advantages of companies operating in conditions of fierce competition and strive with help of brand to ensure long-term advantages in promoting their products on a competitive market, till ensuring the relevance of the brand's idea, both emotionally and rationally, to all audiences of stakeholders of a particular system.

According to the data of Table 2.1, five main approaches to the definition of concept "branding" can be clearly identified:

- *technological approach*, according to which branding is a specific technology;
- *instrumental approach*, under which branding is a tool for creating associations;



- *process approach*, under which branding is a process of brand formation and promotion;
- *marketing approach*, under which branding is an integral part of marketing communications;
- *interdisciplinary approach*, which focuses on branding versatility, possibility of it linking not only to goods and services and use both in the marketing system and in the strategic management system.

The first attempts to systematize knowledge about branding and to analyze the formation and further development of the branding concept date from the 20th to the 30th years of the twentieth century, that is, the period of brand management theory inception.

Today, it is possible to allocate seven stages of transformational changes in branding concept, starting from the second half of the XIX century:

1) identification branding, which contributed to defining a product category and positioning goods/services with an emphasis on their quality, composition, price characteristics (1860–1920);

2) branding of benefits, which included presentation of not only qualities, but also benefits of goods/services (1920–1930);

3) “symbolic” branding, which is associated with personalization and emphasis on image, life style, values, personality of the user/buyer (1930–1960);

4) branding of “experience”, which involves applying to positive experience of perception and is based on the technology of multisessional (sound, appearance, taste, smell, tactile sensations, suggestion of thoughts) formation and development of this experience (1960–1980);

5) “social” branding, which focused on social factors, including social responsibility (1980–1990);

6) “total” branding, which is transformed from a marketing tool into a tool of strategic management and implies an integrated system of physical, psychological and social impact (1990–2005);

7) creative multifaceted branding, which opens absolutely all boundaries for any innovations and digital technologies application to form an associative perception of any sphere of activity, any object or system, taking into account eco-, socio-, cyber-and other similar priorities in local, regional, national, international or even global space (2005 – up to the present).

In fact, over the past thirty years, branding, taking into account changes in the market and in the needs and expectations of target audience to which it is oriented, has become one of the key sources of competitive advantage, and therefore one of the prerequisites for ensuring competitiveness. This, in particular, was emphasized in the studies of foreign (P. van Hem [19], E. Rice, J. Traut [39], etc.) and Ukrainian scientists (N. Ivashova [53], J. Panchenko [72], etc.). Branding constantly increases the angle of its impact on human life and world perception, which is especially encour-

aged by brand management theory development, including development and further widespread use in practice of the concept of brand leadership of D. Aaker and E. Joachimsthaler [1], the algorithm of state brand building of S. Anholt [3] and introducing into scientific use the concept of "competitive identity of the territory", etc., as well as immanent property of branding itself with the use of modern information technologies of communication and dissemination of data, in which "there is a unique opportunity – to determine peculiarities of a person's perception of certain events, to form her tastes, preferences, behavior, worldview" [82, p. 23].

**Table 2.1** Systematization of approaches to concept "branding" definition

Author (s)/ Source (s)	Branding is	Distinctive characteristics of the definition
1	2	3
<b><i>Technological approach</i></b>		
R. Olle, D. Rui [12; 83]	technology of consistent giving attributes to product that turn it into a favorite purchase, increasing thereby competitiveness of the product itself	attribute giving technology
N. Ivashova [53]	integrative technology, that combines all marketing trends and market-driven modern requirements to ensure enterprises competitiveness	technology that combines marketing trends and market-driven requirements to ensure competitiveness
I. Biluk [48]	communicative technology that ... includes a complex of communicative means aimed at creating the social value of an object, which is realized through a system of signs and symbols, visual, content and value characteristics of an object	communicative technology of creation a social value of an object
<b><i>Instrumental approach</i></b>		
O. Pokras, T. Sakalosh [74]	an important tool for building sustainable associations with a specific object	a tool for associations creating
<b><i>Process approach</i></b>		
S. Anholt [4]	a process of designing, planning, and combining name and identity for creating or managing a reputation	a process of designing, planning and combining name and identity
D. Jobber, J. Fahi [24]	a process by which companies differentiate their offer from similar offers of competitors	a process of competitive offers differentiation

Continuation of Table 2.1

1	2	3
L. Shulgina, M. Leo [83]	a systematic, reasonable, balanced process, that involves planning and implementing marketing complex of measures for trademark creation, developing a plan for transforming a trademark into a brand, in particular by developing a name, corporate style and design, advertising campaigns, holding sales promotion, targeted PR, in order to create the desired associative impressions among consumers	a process of trademark creating a and transforming it into a brand
T. Nagornyak [64]	a process of brand formation and promotion to the country market	a process of brand formation and promotion
F. Kotler, K. Keller [55]	a process of giving strength of a trademark to goods and services..., which includes mental structures creation that help consumers in obtaining knowledge about a product or service in a way that makes it easier to make a purchasing decision favorable to the company	a process of giving strength of a trademark, including mental structures creation
<i>Marketing approach</i>		
A. Pavlenko, I. Reshetnikova, A. Voichak [71]	a component of synthetic marketing communications in general system, with participation in exhibitions and fairs, event marketing, product placement, merchandising	element or component of marketing communications
M. Belyavtsev, L. Ivanenko [47]	additional component of the marketing communications complex	
<i>Interdisciplinary approach</i>		
S. Mokina [61]	multifaceted, interdisciplinary concept, in determining which emphasis gradually shifted from consideration of goods or services to organization, personality, activity	multifaceted, interdisciplinary concept

*Source:* Developed by the authors

Development of globalization processes, which is characterized by increased influence and interdependence between countries in the political, economic, cultural and other spheres on a global scale, has created a situation where not only companies but also countries within the framework of competitive rivalry need to form their unique and easily recognizable face. In the global world, as S. Anholt rightly pointed out [4], every city, region, country must compete for tourists, investment, trust, reputation and respect from the world mass media. Therefore, country image becomes its competitive advantage, and

branding is a strategic approach to development of this advantage and vision of where the country can move. In this case, the main idea of branding, according to studies by D. Aaker [2], is competition due to differentiation.

Considering all the above, and in order to better understanding of the strategic approach to branding at the national level, within our research, we will define the essence and interconnection between concepts "country brand", "country branding", "territory brand", "territorial branding", "state brand", "state branding", "nation brand", "nation branding". To do this, at first we will conduct a comparative analysis of their definitions (Table 2.2).

**Table 2.2** Comparison of definitions of concepts "country brand", "country branding", "territory brand", "territorial branding", "state brand", "state branding", "nation brand", "nation branding"

Concept	Varieties of definitions of concepts		The main essential features of the concept in accordance with the definition
	author (s)/ source (s)	definition proposed by the author(s)	
1	2	3	4
Country brand	S. Anholt [45]	associative model that the individual's consciousness contains (both a resident of this country and a citizen of another) and to which he appeals having heard the name of the country	associative model in the minds of domestic and foreign individuals as a reaction to the heard name of the country
	K. Dinny [14]	an umbrella brand, an ingredient brand or co-brand, designed to support certain sectors of the country's economy	a brand, designed to support certain sectors of the country's economy
	T. Nagornyak [64]	complex trade offer – an emotionally strong trademark, which has not only a name or a designer's solution, but also a whole complex of associations and identifications thanks to which it is perceived by consumers	complex trade offer based on a complex of country associations and identifications
	Z. Lyulchak, A. Lipentsev, Yu. Galushchak [60] et al. referring to the definition of the WTO	combination of emotional and rational representations, which is the result of a comparison of all the features of the country, own experience and rumors that affect the creation of a certain country image	country image representation as a result of its features comparison, its own experience and rumors about the country
	J. Fan [18]	a total sum of all representations of a country or nation in the minds of international stakeholders	a sum of representations about the country in the minds of international stakeholders

Continuation of Table 2.2

1	2	3	4
Country branding	S. Anholt, J. Hildres [6]	systematic process of harmonization of actions, behavior, investments, innovations and communications of the country for implementation of the strategy of national security and competitive identity	a process aimed at implementing the national security strategy and the country's competitive identity
	O. Moisesku [32]	coordinated and consistent communication with numerous stakeholders	communication with stakeholders
	K. Lee [29]	a process of building and support of country's competitiveness, taking into account several sectors in which it can have competitive advantages	building and support of country's competitiveness
	K. Dinny [14], J. Nye [37]	creation and strengthening of so-called "national identity" or "soft power" of the country	creation and strengthening of "national identity" or "soft power" of the country
Territory or place/destination brand (from latino destino – "destination", "location")	J. Evans [16]	those with the help of which the territory seeks to connect with consumers, both external and internal, helping to harmonize ideas that they consider to identify the destination, creating a connection between individual and collective identity, encouraging the search for new products and experience of this destination	those with the help of which the territory seeks to connect with external and internal consumers
	O. Moroz [62]	people representing this territory; the culture and nature of the interaction between business and government; goods produced in this territory and are original and reflect the identity of the territory; social infrastructure; investment attractiveness of the region; culture of work and life; a set of elements of competitive tourism in a given territory, etc.	people, culture, goods, etc., reflecting the identity of the territory
	M. Lasart, V. Piazuolo, K. Seso [28]	a symbol or design that combines all attributes of a product that it represents as a destination, helping to create value by consolidating and generalizing the main distinctive features that can be achieved on the market	a symbol or design of a destination that helps to create its value and synthesize distinctive features
	S. Zenker, E. Brown [44]	a network of associations in the minds of consumers of the place, based on the visual, verbal and behavioral expression of the place and its stakeholders	a network of associations in the minds of consumers of the place (stakeholders)
	World Tourism Organization and European Travel Commission [20]	the essence of the destination from the perspective of potential visitors and recognition for residents	the essence of the destination for potential visitors and residents

Continuation of Table 2.2

1	2	3	4
Territorial branding or place/destination branding	S. Anholt [7]	a separate branch of knowledge and practical activity, whose purpose is to value, construct and manage the reputation of the territory	the area of knowledge and practice associated with the reputation of the territory
	R. Govers, F. Go [21]	determining the prospects for tourism and the interaction of the place with its environment, including political, foreign investment, trade, immigration and media issues. Both destination branding and place branding may include country, region or city branding.	definition of the prospects of tourism and interaction of the place with its environment
	Ye. Seryogina [78]	strategy of increasing competitiveness of cities, provinces, regions, geographic zones and states for conquering foreign markets, attracting investors, tourists, new residents and qualified migrants	territory competitiveness improving strategy
	G. Studinska [81]	strategy of increasing competitiveness of the territory, aimed at overcoming local shortage of tangible and intangible resources through communicating to general public the idea of uniqueness of business and investment conditions	
	N. Karachina [54]	1) a process of destination brand creation and management, which includes formation, promotion, development and repositioning of a brand ( <i>in a broad sense</i> ); 2) a system of sequential logical formation of resources, potential and assets of community development ( <i>in a narrow sense – from the position of local economies</i> )	– a process of destination brand creation and management; – system of formation of resources, potential and assets of community development
	O. Moroz [62]	practice in the creation, promotion and protection of business under a certain trademark, which is based on certain unique characteristics related to a specific locality, namely: its historical, cultural, confessional, natural and recreational characteristics	practice of focusing on the factors of competitive advantages due to belonging to a particular territory (region, settlement)
State brand	P. van Hem [19]	foreign-oriented phenomenon: carrier/guide in the outside world of ideas, what is a specific country	foreign-oriented carrier / guide to country i deas

Continuation of Table 2.2

1	2	3	4
State brand	T. Smachilo, D. Oleha [79]	a set of certain ideas (emotional and rational), which are formed by comparing all features of a country and characterize a country from both sides in order to position it so that it can get the maximum benefit from participating in international projects	a set of certain ideas about all features of the country with a view to its best positioning to maximize benefits in the international arena
	V. Krivoshein [56; 57]	1) image of a certain political system, parties, politicians and statesmen, which corresponds to reality and is related to the objective interests of the nation and is characterized by unique features; 2) a complex concept, including tangible and intangible attributes, differs in its functional and emotional advantages, is based on clearly defined values and political priorities and is positioned in political environment as a sign political symbol; 3) a state brand consists of state and country images, which are formed under the influence of certain factors, elements and a certain degree of use of marketing tools – consumer, business and other ratings of the country, creating appropriate associations with the country	– image of the political system, parties, politicians, statesmen associated with nation objective interests; – sign political symbol; – a combination of state and country images
State branding	J. de Vicente [43]	a process that requires an understanding of the country's relative competitive position in terms of its strengths and weaknesses (location, size of the domestic market, presence of industry clusters, access to regional retail space, education of the population, tax incentives, skilled labor, labor costs, security and other factors) as well as ability to recognize threats and opportunities in the external environment	a process aimed at ensuring an understanding of the competitive position of a country
	V. Solovy, Yu. Inkovska [80]	a process of building and using the state brand as a political institution	a process of state brand building and using
	M. Pilipak [73]	a process of state promotion in the world	a process of state promotion

Continuation of Table 2.2

1	2	3	4
State branding	V. Krivoshein [56]	1) a set of character-symbolic components according to original positive characteristics that correspond with relatively stable stereotypical images of a certain country and contribute to its identification among other subjects of international relations ( <i>from the point of view of substantial content by the structural approach to the definition</i> ); 2) activities of the state authorities, other subjects of a political process for state brand creation, management and evaluation ( <i>from the point of view of procedural measurement</i> )	– a set of character-symbolic components of country image, contribute to its identification among other subjects of international relations; – activities for creation, management and evaluation of the state brand
Nation brand	U. Olins [38]	a key idea that will project national characteristics of the country in an effective and attractive way	a key idea that project national characteristics of the country
	T. Kuzmenko [58]	a brand known on a nationwide scale	nationwide brand
	J. Fan [17]	a sum of all representations of a nation in the minds of international stakeholders, which may include some of following elements: people, place, culture/language, history, food, fashion, famous people (celebrities), global brands, etc. The nation brand exists with or without any conscious effort of nation branding, since each country has a current image for its international audience	a sum of all representations of a nation in the minds of international stakeholders
	N. Kaneva [25]	a strategic tool for enhancing competitive advantage in the global market	a strategic tool
	G. Szondi [41]	strategic self-presentation of the country in order to create reputational capital through economic, political and social advancement at home (inside the country) and abroad	strategic self-presentation of the country in order to create reputational capital
Nation branding	S. Anholt [8]	a consistent and comprehensive nation brand strategy that determines the most realistic, competitive and convincing strategic country vision and provides support, strengthening and enrichment of this vision through each act of communication between the country and the rest of the world	a consistent and comprehensive nation brand strategy that provides support, strengthening and enrichment of strategic country vision



Continuation of Table 2.2

1	2	3	4
Nation branding	E. Jaffe, I. Nebenzal [23]	creation of a clear, simple, differentiated idea built on emotional qualities that can be symbolized both verbally and visually and understandable to different audiences in different situations. For effective work, nation branding should cover political, cultural, business and sports activities	creation of a clear, simple, differentiated idea understandable to different audiences in different situations
	H. Goodzongson [22]	a process that occurs when a government or a private company uses its power to convince anyone that he has the ability to change nation image. Nation branding uses branding tools to re-emulate or change behavior, attitude, nation identity or image in a positive manner.	a process that re-emulate or change behavior, attitude, nation identity or image in a positive manner
	M. Aronchik [9]	a form of national discourse in a global context	a form of national discourse
	T. Nagornyak [63]	a branding focused on forming a nation-state brand that harmoniously combines the results of branding of national and local features of uniqueness, distinction and attractiveness of the country (its state organization and authenticity of the population, that is, its socio-cultural and political dimensions)	branding focused on forming a nation-state brand, meaningful components of which are authentic characteristics of the territory and the self-perception of nations
	Z. Lyulchak, A. Lipentsev, Yu. Halushchak [60]	creation, correction and presentation of a productive, positive image of the country around which the nation-state itself will be consolidated and promising vectors of international politics will be reproduced	creation, correction and presentation of workable positive country image
	G. Polyshko [76]	purposeful and motivated process of organization, planning, implementation and monitoring of marketing, politico-diplomatic, economic and public activity on strategic promotion and proper positioning of the country in the global economic system, formation of new and effective use of existing competitive advantages of the country and its subjects of management at the world markets, creating a positive state image and maintaining its reputation for a more complete and effective implementation of national interests in the global environment	purposeful and motivated process of strategic promotion and proper positioning of the country in the global economic system

*Source: Developed by the authors*

Thus, according to the data of the Table 2.2, a country brand is defined as an associative model or image, or amount of representations about the country, or a comprehensive supply of the country in the minds of domestic and/or foreign stakeholders. In addition, country branding is a process aimed on national security strategy implementation, national identity strengthening, and country competitiveness supporting through communication with stakeholders.

The territory (destination/place) brand is actually people, culture, goods, etc., including the symbol (s) reflecting the territory identity and by means of which its value is created and internal and external relations are formed, a network of associations arises in the minds of potential visitors and residents of the territory. Territorial branding is a field of knowledge and/or practical activities in implementing the strategy of increasing territory competitiveness (including through development of competitive advantages, the system of formation of resources, potential and assets of community development), its brand management, which affects the reputation of the territory.

A state brand is as a combination of state image and country image, or as a sign political symbol or image of the political system, parties, politicians, statesmen, or as a carrier/guide of ideas or a set of ideas about the country in the international arena. It should be emphasized that in practice it is common ground to distinguish between two approaches to the state brand:

- 1) foreign-oriented;
- 2) both internally and externally oriented.

At the same time, state branding it is a set of actions for construction, management, use, promotion, evaluation of the state brand in the world, including aimed at ensuring understanding of its competitive position and identification among other subjects of international relations.

For the first time, in 1996 S. Anholt [5] wrote about the idea of the feasibility of a nation brand formation and nation branding introduction, relying on his observations about the equally critical behavior for progress between brands images of companies and products and countries reputation (including cities and regions). Since then, scientists have unequivocally clarified these concepts and now, according to the data of Table 2.2, the nation brand is a nation-wide well-known brand in the form of a strategic country self-presentation that projects the national characteristics of the country/ the sum of representations of a nation in the minds of international stakeholders and in order to create reputational capital. In its turn, the essence of nation branding is considered as a form of nation discourse or branding, oriented on nation-state brand formation, meaningful components of which are authentic characteristics of the territory and nations self-perception, including provides for creation of a clear, simple, differentiated nation brand idea or strategy, understood by diverse audiences in different situations,

strategic advancement and proper positioning of the country in the global economic system and, if necessary, changing nation behavior, attitude, identity or image in a positive manner.

So, there is a relationship between all the above concepts, but they cannot be considered identical. However, the differences between the concepts as well as the relationship between them have not yet been comprehensively and clearly spelled out, which sometimes led to substitution of one concept by another, critics of territorial branding theory, distortion of certain concepts essence (in particular, the concept "nation brand"), a false impression that the symbols and image of countries can be directly manipulated using the methods of commercial marketing communications, etc. All this led to the desirability of a detailed description of this relationship in our study.

To clearly identify the difference between the types of brands and branding, the definitions of which were grouped in Table 2.2, we first suggest the signs of what differ between the concepts "country", "state", "territory", "nation".

If the concept "country" is commonly understood as a territory with certain borders and population, that is a united whole from the point of view of history, culture, nation and which can be independent or dependent politically and geographically, then the concept "state" is a universal political form of organization of government characterized by sovereign power, political and public character, implementation of its powers in a certain territory through a system of specially created bodies and organizations, with the help of which political, economic and ideological management of society and general social rights management are carried out. Thus, a country is not always a state. For example, in 1900, Ukraine was a country of Ukrainians, but it was divided between the Russian and Austro-Hungarian empires, that is, it was not a state. During the Soviet period, Ukraine was one of the republics of the USSR and was also unable to conduct an independent state policy.

The concept "territory" comes from the Latin word *terra* — land and *territorium* — region, an area which is defined as a region bounded by the earth's surface in natural, civil, administrative or conventional limits, defined length as a specific type of "space" resource, area, geographic location, natural conditions, economic development. It should be noted that distinguish three categories of territories according to the types of legal regime:

- 1) state;
- 2) international (open sea and airspace above it; outer space, including celestial bodies, international area of the seabed and Antarctica);
- 3) mixed mode (adjacent zone, the exclusive (maritime) economic zone, international rivers, international marine channels and international straits, the continental shelf).

Consequently, the territory may well be less and more than the boundaries/borders of the country/state; have specific features when:

a territory is understood as a state administrative unit that is temporarily introduced in underdeveloped regions (for example, as in Canada and Australia); free trade zones are created and developed, regional/national/international clusters are formed; zones of ecological catastrophe or military conflicts/anti-terrorist operations, etc. appear in a certain territory (for example, as in the east of Ukraine, where the Anti-terrorist operation (ATO<sup>2</sup>) was conducted from April 14, 2014 to April 30, 2018, and the *United forces operation*<sup>3</sup> – from 14:00 of April 30, 2018) and so on.

It should be emphasized that, firstly, population (as it was in relation to the country), and, secondly, the system of specially created bodies and organizations that carry out political, economic and ideological management of society and general public rights management (as it was in state essence interpretation) are not mentioned in definition of the concept "territory" in any way. According to this fact, a country and a state can be considered as varieties of territories with defined boundaries.

It has been found that, speaking about territorial branding quite often, scientists put the sign of equality between the concepts "territory", "place" and "destination". Then, in our opinion, it would be desirable to divide destinations and other places as varieties of territories, because a destination is directly related to tourism activity and represents a destination for potential travelers in fact; at the same time, a place, first, may not always be related to tourism activity and, secondly, can cover/identify any geographical object (city, region, country, etc.) from the point of view of different spheres – business, culture, education, diplomacy, quality and safety of life, etc., and not just tourism.

The concept "nation", derived from the Latin word *natio* – a tribe, people, is polysemantic and, as a rule, is used to characterize large sociocultural communities. However, we note that there are two basic meanings of the word "nation":

- 1) political community of citizens (on the basis of citizenship);
- 2) *ethnos*. In the first case, a nation is an aggregate of politically subjective citizens of different nationalities who carry out collective national interests through the mechanism of their own political organization – the state.

Thus, a nation is a main state element, source of state power and state sovereignty carrier. In the second case, the focus is on the specific ethnic

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<sup>2</sup> A complex of military and special organizational and legal measures of Ukrainian security forces aimed at counteracting the activities of illegal Russian and pro-Russian armed groups in the war in eastern Ukraine.

<sup>3</sup> The operation is foreseen by the implementation of the Law of Ukraine "On the peculiarities of state policy on ensuring the state sovereignty of Ukraine in temporarily occupied territories in the Donetsk and Luhansk oblasts". The UFO is, in fact, reformatting the ATO with the introduction of a military or extraordinary state, by transferring control from the Security Service of Ukraine, which formally led the ATO, to the Joint Operational Headquarters of the Armed Forces of Ukraine.

and cultural characteristics of a particular people, whose representatives can live in different parts of the world. On this basis, a nation, on the one hand, can be understood as citizens of one country/state, and on the other, a social community that has the only ethnically cultural roots of origin. In other words, when it comes to a nation and something national, the attention is focused primarily on people.

Having found out the essence of the difference between a country, a state, a territory, a place, a destination and a nation, we will try to make a comparison and make an economic-mathematical description of the interrelationships between branding of a country a state, a territory, a place, a destination and a nation. To do this, we introduce the following mathematical symbols:  $B_C$ ,  $B_S$ ,  $B_T$ ,  $B_P$ ,  $B_D$ ,  $B_N$  denoting in accordance with them branding of the country, state, territory, place, destination and nation. Then territorial branding, depending on its specified geographical, administrative or conditional boundaries, can vary within branding from one place to the sum of places, and can also be expressed through a system of equations of branding of objects with territorial-spatial characteristics:

$$B_T \in [B_P; \sum B_P], \quad (2.1)$$

$$B_T = \begin{cases} B_D, & \text{if the territory is limited to the destination borders;} \\ B_C \vee B_S, & \text{if the territory is limited to the country/state borders;} \\ B_P, & \text{in the case of another place, that is, different from} \\ & \text{the country/state or destination.} \end{cases} \quad (2.2)$$

In turn, when comparing the relations between branding of a country, a state and a nation there are two features:

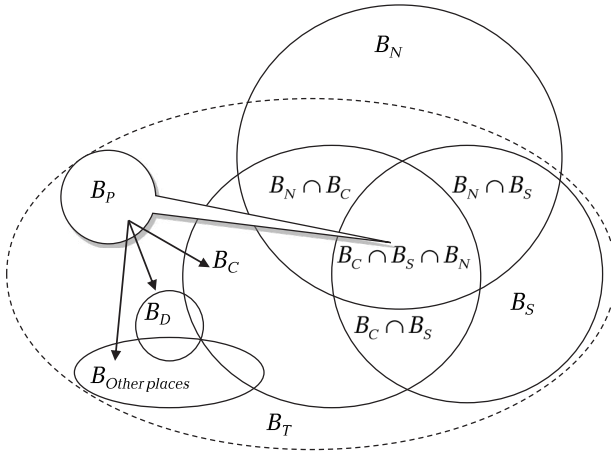
1) each branding objectively has common elements with both other branding;

2) there is a plurality of elements that immediately belongs to all three branding. In view of these features, relationships between nation branding and other branding can be represented as follows:

$$\exists B_N \cap B_C \wedge B_N \cap B_S \wedge B_C \cap B_S \notin B_N, \quad (2.3)$$

$$\exists B_C \cap B_S \cap B_N. \quad (2.4)$$

At the same time, according to practical experience, nation branding is in some way related to territorial branding (Fig. 2.1).



**Fig. 2.1** The system of interconnections between nation and territorial branding.

*Source:* Developed by the authors

Paying tribute to the importance of territorial branding within nation framework, we think that today the main focus in the process of nation brand formation and development should be placed on citizens of the state and their real aspirations and achievements, which positively distinguish them from citizens of other states, as well as on popularization of national ethnos representatives, well-known, but those who lived or live outside the country of, whose achievements should be proud of. It is possible to provide stable competitive advantages of the nation brand through understanding and attractiveness of nation aspirations, awareness of importance of achievements of its representatives for world community development, international cooperation effectiveness increasing, solving pressing problems for humanity, etc. For brand awareness even in distant parts of the world, information about it should be disseminated not only through logos, slogans, through special promotional campaigns using modern digitalization technologies in the process of collecting and disseminating information data, but also constantly retransmitted by citizens of all walks of life, both inside, and outside the country. The peculiarity of this retransmission should be its clear orientation to ensure correct perception, positive acceptance and sustainable maintenance in the minds of any nation associative attributes. The latter, in particular, requires both coherent and systematic nation brand promotion on the international scene, conditions creation for preventing events that can lead to nation positive image destruction, and analytical work that allows us to permanently monitor the current situation and changes in ideas about the country and its citizens, to identify main carriers and distributors of these representations and reasons for their formation in the minds of people.

## **2.2 Variability of methodological approaches to nation brands evaluation**

One of analytical work varieties that allow you to make certain conclusions about awareness and strengths of a nation brand is its evaluation and analysis in dynamics.

To date, there are a number of approaches to nation brands evaluation and various ratings creation, which can be used to draw conclusions about the results of nation branding and nation brand awareness. One of the most famous among them is the method of S. Anholt, which he implements together with the research company GfK by defining the Nation Brand Index. This technique is based on the so-called Anholt hexagon, in which the scientist combined six dimensions that, in his opinion, form the perception of any state/nation, and a list of attributes characterizing a nation brand and actually reflecting nation branding results is defined for each of which (Table 2.3). In essence, this technique is a panel study, which provides an annual poll of 20 thousand respondents from 20 countries of the world using an online survey on competitive advantages of brand attributes of 50 nations. Unfortunately, Ukraine has not been included in the list of the Nation Brand Index countries. Information on changing the nation brands international rating according to the Anholt method can be found at <http://nation-brands.gfk.com>.

Another methodological approach of S. Anholt, whose algorithm was constructed by Dr. Robert Govers, was developed to determine The Good Country Index. Information about it, as well as the index, can be found at [https://goodcountry.org/index\\_intro](https://goodcountry.org/index_intro). The methodology for calculating this index is based on the assessment of seven categories of parameters:

- 1) science and technology (foreign students, journals exports, international publications, Nobel Prizes and patents);

- 2) culture (export of products from creative economy sectors (film industry, art, etc.), export of creative services, UNESCO, freedom of movement and freedom of the press;

- 3) international peace and security (peacekeeping troops, debt to the UN peacekeeping budgets, international conflicts, arms exports and Internet security);

- 4) world order (charitable help, accommodation of refugees, generation of fugitives (refugees), population growth, signing of UN treaties);

- 5) planet and climate (reserve of biocapital, hazardous waste export, emissions of organic polluting water, CO<sub>2</sub> emissions and other greenhouse gas emissions);

- 6) prosperity and equality (open trade, UN volunteers abroad, size of fair trade market, outflow of foreign direct investment, development);

- 7) health and well-being (food and pharmaceutical aid, voluntary transfer of surplus to the needy, humanitarian aid and drug seizures).

**Table 2.3** Dimantions and attributes of nation brand evaluation using the Anholt-Gfk method

Dimantions name on the Anholt's hexagon	Attributes of nation brand evaluation
Tourism — determines a level of interest in visiting a country and attractiveness of historical, natural and man-made attractions	1) rich in historic buildings and monuments; 2) lively city life and city attractions; 3) would like to visit if money is not what can prevent it; 4) rich in natural beauty
People — determines population reputation, as well as perception of a level of potential hostility and discrimination	1) in the case of a visit, people do everything to make the arrival feel that they are very happy to him; 2) would like a person from the country to be a close friend; 3) would hire a well-qualified (person) from the country
Culture — defines perception of the cultural heritage and modern culture of the country	1) interesting and fascinating for modern culture; 2) advantages (differences) in sports; 3) has a rich cultural heritage
Exports — defines image of goods and services of each country and attitude towards them in the global market	1) the main contribution to innovation in science and technology; 2) you feel better if you buy products made here; 3) creative, cutting-edge ideas and new ways of thinking
Immigration-investment — determines a country attractiveness level among immigrants	1) desire to live and work here for a long period of time; 2) a place with a high quality of life; 3) respect the rights of citizens and treat them fairly; 4) has a business in which I would like to invest; 5) cares about equality in society
Governance — defines public opinion about a level of competence of national governments and fairness of their activities	1) competent and honest management; 2) respect the rights of citizens and treat them equitably; 3) a good place to study, to acquire educational qualifications; 4) is responsible in international peace and security; 5) is responsible for environment protection; 6) is responsible for helping solve the world's poverty problem

**Source:** *Compiled according to Gfk [66]*

The analysis of The Good Country Index dynamics is actually aimed at starting a global discussion about the need to balance states responsibilities with their own citizens and responsibility that they have to bear in the world. In addition, this index allows us to determine directions by which a country can improve its nation brand in a strategic perspective.



As Ukraine is rated by The Good Country Index, we will present its results over the past few years in order to identify its place among other countries in implementing a policy of responsible attitude to the planet Earth and the human race (Table 2.4).

The ranking of Ukraine in 2017 according to The Good Country Index improved by 45 points in comparison with 2014, as shown in the Table 2.4, which usually indicates the country's orientation towards responsible nation formation.

Another methodological approach for nation brands comprehensive evaluation was offered by FutureBrand company, which defines the Country Brand Index and publishes an annual report on the value of nation brands from different countries of the world, including and Ukraine. The method of calculating the Country Brand Index is based on a model of hierarchical decisions, that it allows us to determine the attitude of target audiences (residents, investors, tourists and foreign governments) to brands from different countries. Evaluation is based on criteria such as:

- 1) awareness (is it known that such a country exists?);
  - 2) acquaintance (how well a respondent is informed about the country?);
  - 3) associations (with which attributes is the country associated: tourism, cultural heritage, quality of life, system of values?);
  - 4) respect (how much the country is respecting?);
  - 5) reasoning (was the country considered as a place worth visiting; is it worth buying the goods produced in it?);
  - 6) decision on the visit (what prompts its adoption?);
  - 7) propaganda/desire of a respondent to tell about a country to friends, relatives (which one?/does it arise?).
- It should be noted that in 2014, in order to increase the weight of the criteria of associations, one more was added to its attributes — "Made in", and also work was done to rationalize other dimensions. All this contributed to brand evaluation methodology improvement.

In addition, in the same 2014, researchers of FutureBrand, carrying out the calculation and analysis of the Country Brand Index, put forward and confirmed the correctness of the hypothesis that not all countries qualify as "brands", but when they do it, they receive measurable competitive advantages over partner countries [13]. In this regard, a new country brand typology has been developed, which contributed to improvement of their classification division by force of perception. Representatives of FutureBrand proposed to distinguish four types of countries:

- 1) "Countries";
- 2) "Status countries";
- 3) "Experience countries";
- 4) "Country brands", the detailed description of which was given in Chapter 1.

**Table 2.4** Dynamics comparison of The Good Country Index of Ukraine and some other countries of the world

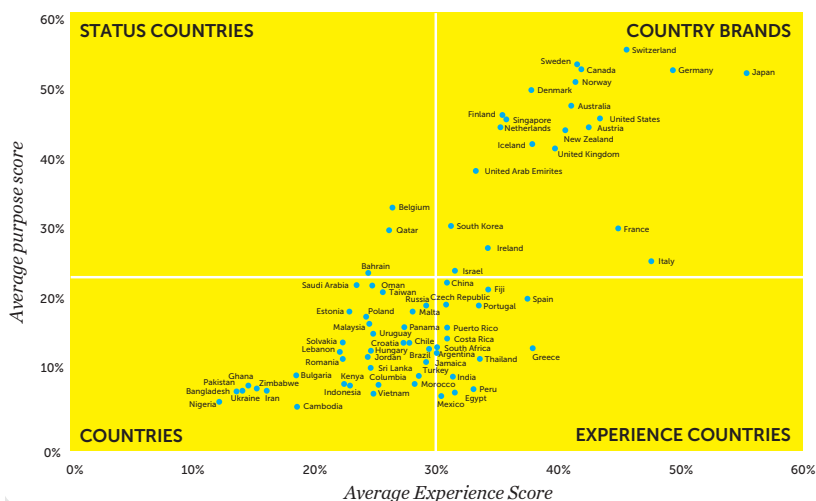
Country	Rank			Rank improvement (+)/ deterioration (–) in comparison with the previous period	
	2014	2016	2017	2016/2014	2017/2016
Netherlands	4	3	1	+1	+2
Switzerland	3	5	2	–2	+3
Denmark	9	2	3	7	–1
Finland	2	7	4	–5	+3
Germany	13	6	5	+7	+1
Sweden	6	1	6	+5	–5
Ireland	1	11	7	–10	+4
United Kingdom	7	4	8	+3	–4
Austria	14	9	9	+5	0
Norway	8	13	10	–5	+3
France	11	8	11	+3	–3
Hungary	61	24	12	+37	+12
Belgium	10	14	13	–4	+1
Canada	12	10	14	+2	–4
Singapore	27	22	15	+5	+7
...	...	...	...	...	...
Israel	37	44	53	–7	–9
<b>Ukraine</b>	<b>99</b>	<b>73</b>	<b>54</b>	<b>+26</b>	<b>+19</b>
Thailand	53	50	55	+3	–5
Tunisia	56	43	56	+13	–13
Georgia	77	49	57	+28	–8
United Arab Emirates	87	–	58	–	–
India	81	61	59	+20	+2
Qatar	110	63	60	+47	+3
Bosnia and Herzegovina	70	74	61	–4	+13
Lebanon	84	68	62	+16	+6
Kenya	26	92	63	–66	+29
Fiji	–	72	64	–	+8
Russian Federation	95	78	65	+17	+13
Guatemala	29	88	66	–59	+22
...	...	...	...	...	...
Afghanistan	–	–	163	–	–

**Source:** Compiled and calculated by the authors according to [https://goodcountry.org/index\\_intro](https://goodcountry.org/index_intro)

According to the above typification Ukraine in 2014 – 2015 fell into the 1st classification group, that is, to countries with below average perceptions

of both status and experience (Fig. 2.2). Thus, it received a strong signal about the need for active work on status level raising and popularization of cultural heritage, goods made in Ukraine, tourist places, etc., that is above all that would improve its experience perception.

Unlike the above described methodological approaches to nation brands evaluation, Brand Finance consulting company defines the Nation Brand Strength Index (BSI) and measures nation brands value of 100 leading countries in the world using a method based on royalty rate mechanism used to evaluate the largest companies in the world. The Brand Finance Nation Brands (BFNB) method involves the sequential implementation of five steps (stages).



**Fig. 2.2** Positioning of 75 countries of the world according to estimates of perception of their status and experience in 2014–2015.

*Source: Country Brand Index: FutureBrand Report 2014–15 [13]*

Nation brand strength is determined at the first stage based on parameters evaluation results in three categories:

- 1) goods and services;
- 2) investment;
- 3) society divided into sub-categories: tourism; market; governance; people and skills, which in turn are also subdivided into separate indicators.

Each indicator is rated on a 100-point scale, and together they contribute to the overall Brand Strength Index (BSI) of a nation, which is also presented on a 100-point scale. According to the assessment, each nation

brand is assigned from AAA + to D by analogy with the credit rating format (Table 2.5).

Charged hypothetical royalty rate is determined at the second stage (after BSI calculating) based on data on average royalty rates in transactions between companies in sectors of the country's economy, availability of which is confirmed. Income is determined at the third stage using data from five-year forecasts for selling all brands in each country. At the same time, the gross domestic product (GDP) is used as an indicator of total income, and forecast data are based on the IMF's global economic forecasts in local currencies (using exchange rates for the value of individual brands). At the fourth stage, a discount rate is calculated in order to take into account risks in each national economy, which is used to calculate present value of the future brand income (taking into account time value of money and corresponding risk).

**Table 2.5** Ratings of nation brands strength by the BFNБ method

Qualitative characteristics of a rating category	Symbols for rating changes in a category	Qualitative characteristics of a rating category	Symbols for rating changes in a category
Exceptional	AAA +	Developing	BBB
	AAA		BB
	AAA –		B
Very strong	AA +	Weak	CCC
	AA		CC
	AA –		C
Strong	A +	Failing	DDD
	A		DD
	A –		D

*Source:* Compiled according to *Brand Finance* [68]

At the last, the fifth stage, the previously calculated royalty rate is applied to income data in order to obtain information about the so-called "total brand contribution" both to nation brand value together with corporate brands, and to net nation brand value. Then, based on the calculated indicators, tax rates are determined by the local corporate tax rate and the post-tax brand contribution is deducted back to net present value, taking into account the discount rate. At the end, their branded contributions are added to their discounted values to get data on nation brand value and magnitude of nation branding effect.

All stages of implementation of methodical approach of consulting company Brand Finance to nation brands evaluation can be represented as an equation (Fig. 2.3).

Conducting this study, we can not ignore the fact that Ukraine's nation brand value has decreased by more than 2.8 times during 2013–2015 according to Brand Finance. This was objectively due to depreciation of some

Ukrainian corporate brands as a result of geopolitical and economic instability, primarily caused by Russian aggression and prosecution of a neighboring state on part of the territory of Ukraine (which led to violation of international treaties by Russia and illegal annexation of the Autonomous Republic of Crimea and the city of Sevastopol, as well as the military conflict in the East of the country, where, as of the beginning of 2019, many cities and towns of Donetsk and Luhansk regions remains under the Russian occupation, communal and transport infrastructure is deliberately destroyed, can not be absolutely guaranteed the safety of life of the Ukrainian people, international observers, etc.).



Fig. 2.3 Nation brand value evaluation using the Brand Finance method.

*Source: Brand Finance [68]*

Data of Table 2.6 show that by defending the borders of its territory and protecting the world and, above all, the countries of Europe from the quite possible military aggression of Russia, Ukraine have not returned those volumes of its nation brand value that was in 2013, even after five years from start confrontation to illegal actions (both in terms of international law and ethics of the behavior of a normal person) of Russian military and pro-Russian gangs. This despite the fact that, in 2017 Ukraine remains in the “A –” category (Table 2.7) according to the Brand Strength Index and is supported by the world community as a whole and especially strong support from the USA and EU countries, due to introduction of tough economic sanctions against a number of Russian companies and citizens. The latter clearly confirms the opinion on strong negative impact of armed conflicts taking place in the country, on its nation brand value and nation branding results. At the same time, the risk of increasing the negative consequences of these conflicts increases significantly for the nation, if the enemy who attacked the country, having financial and technical capabilities through mass media, permanently disseminates distorted and false information about the true causes of the conflict and its consequences, does not shy away even dirty methods to spread as much as possible among the mass of people in different parts of the world “their truth” about their own provocation and aggression, covering their beautiful slogans that have nothing to do in common with the real situation.

**Table 2.6** Dynamics of nation brands value of a sample of countries of the world in 2013–2018

Rank in BFNB 2018	Country	Brand value, USD bn						Absolute deviation, USD bn			Average annual growth/ decline rates during 2013–2018, %
		2013	2014	2015	2016	2017	2018	2017/ 2016	2018/ 2017	2018/ 2013	
1	2	3	4	5	6	7	8	9	10	11	12
1	United States	17990	19261	19703	20574	21055	25899	481	4844	7909	7,56
2	China	6109	6352	6314	7087	10209	12779	3122	2570	6670	15,91
3	Germany	4002	4357	4166	3882	4021	5147	139	1126	1145	5,16
4	United Kingdom	2354	2833	3010	2942	3129	3750	187	621	1396	9,76
5	Japan	2263	2458	2541	3002	3439	3598	437	159	1335	9,72
6	France	1938	2076	2138	2339	2969	3224	630	255	1286	10,72
7	Canada	1863	2212	2040	1810	2056	2224	246	168	361	3,61
8	Italy	1043	1289	1445	1521	2034	2214	513	180	1171	16,25
9	India	1366	1621	2136	2066	2046	2159	– 20	113	793	9,59
10	South Korea	–	–	–	1289	1845	2001	556	156	–	–
11	Australia	1257	1555	1404	1305	1505	1669	200	164	412	5,83
...	...	...	...	...	...	...	...	...	...	...	...
57	Luxembourg	52	56	60	85	97	113	12	16	61	16,79
58	Algeria	52	66	74	64	70	89	6	19	37	11,35

Continuation of Table 2.6

1	2	3	4	5	6	7	8	9	10	11	12
59	Greece	48	61	59	57	80	87	23	7	39	12,63
<b>60</b>	<b>Ukraine</b>	<b>126</b>	<b>80</b>	<b>44</b>	<b>56</b>	<b>68</b>	<b>84</b>	<b>12</b>	<b>16</b>	<b>−42</b>	<b>−7,79</b>
61	Sri Lanka	45	61	68	74	77	83	3	6	38	13,02
62	Slovenia	47	56	53	53	63	82	10	19	35	11,77
63	Panama	32	40	40	48	63	73	15	10	41	17,93
64	Iraq	—	—	—	51	60	73	9	13	—	—
65	Dominican Republic	45	53	55	56	61	68	5	7	23	8,61
66	Angola	—	—	—	45	52	61	7	9	—	—
67	Lithuania	27	33	50	46	48	60	2	12	33	17,32
68	Guatemala	33	37	42	50	62	59	12	−3	26	12,32
69	Morocco	40	48	44	40	49	56	9	7	16	6,96
70	Bulgaria	45	45	50	49	47	54	−2	7	9	3,71
...	...	...	...	...	...	...	...	...	...	...	...
97	Cyprus	14	15	13	10	15	21	5	6	7	8,45
98	Trinidad and Tobago	—	—	—	21	21	21	0	0	—	—
99	Mauritius	—	—	—	—	—	20	—	—	—	—
100	Honduras	—	—	—	—	—	20	—	—	—	—

**Source:** Compiled and calculated by the authors according to Brand Finance [33, p. 22–23; 34, p. 14–15; 35, p. 16–17; 36, p. 14–15]

**Table 2.7** Changes in the nation Brand Strength Indexes of a sample of countries worldwide in 2013–2018

Rank by BFNB 2018	Country	Brand Strength Index					
		2013	2014	2015	2016	2017	2018
1	United States	AA	AA +	AAA –	AAA	AAA –	AAA
2	China	AA –	AA –	AA –	AA	AA	AA
3	Germany	AA	AA +	AAA –	AAA –	AAA –	AAA
4	United Kingdom	AA	AA	AAA –	AAA	AAA	AAA
5	Japan	AA –	AA –	AAA –	AAA	AAA –	AAA –
6	France	AA –	AA –	AA	AA +	AA +	AA +
7	Canada	AA	AA –	AAA –	AAA –	AAA –	AAA –
8	Italy	A	A +	A	AA –	AA –	A +
9	India	A +	A +	A +	AA –	AA	AA
10	South Korea	–	–	–	AA	AA	AA
11	Australia	AA	AA	AA +	AAA –	AAA –	AAA –
...	...	...	...	...	...	...	...
57	Luxembourg	AA –	A +	AAA –	AAA	AAA –	AAA
58	Algeria	BB	BB	BBB	A	A	A
59	Greece	BBB	A –	A +	A +	A	A
<b>60</b>	<b>Ukraine</b>	<b>A –</b>	<b>BBB</b>	<b>A –</b>	<b>A</b>	<b>A –</b>	<b>A –</b>
61	Sri Lanka	A +	A +	A +	AA –	AA –	A +
62	Slovenia	A	A –	A	AA –	AA –	AA –
63	Panama	A –	A –	A +	AA –	AA –	AA
64	Iraq	–	–	–	CCC	CC	CC
65	Dominican Republic	A –	A –	A –	A	A	A
66	Angola	–	–	–	B	BB	BB
67	Lithuania	A –	A –	AA –	AA	AA –	AA –
68	Guatemala	A –	A –	A	A +	A +	A +
69	Morocco	A –	A	A	AA –	AA –	AA –
70	Bulgaria	A –	BBB	A –	A +	A +	A +
...	...	...	...	...	...	...	...
97	Cyprus	A	A	AA –	AA	AA –	AA –
98	Trinidad and Tobago	–	–	–	A +	A +	A +
99	Mauritius	–	–	–	–	–	AA
100	Honduras	–	–	–	–	–	A

**Source:** Compiled and calculated by the authors according to Brand Finance [33, p. 22–23; 34, p. 14–15; 35, p. 16–17; 36, p. 14–15]



In the digitalization era, consequences onset rate and magnitude of the above-described threat increase by several times. Weak cyber security of the country, absence or ill-conceived state program of defending national interests in the information space, as well as the risks associated with information dissemination and tracking the movement of citizens through the means of mobile communication, can lead not only to formation of negative perception of a country and a nation by people from different parts of the world, but also to allow a hostile country to interfere in state policy, a process of adopting international decisions, elections, to physically eliminate honest citizens loyal to national interests, etc.

Periodic evaluations of the results of nation branding are also carried out using conventional survey methods (for example, to determine the main attributes by which population of a random or non-random sample of countries perceives image of a particular country and/or image of a certain nation, etc.). So, in 2015, the World Policy Institute [52] conducted a survey in six of the EU's largest population countries to identify what the image of Ukraine is exactly for them. According to the results of this survey, it was found that, in general, in small percentages (from 4 % and below), negative connotations on the image of Ukraine were interwoven with positive ones. Among the negative signals that were discovered by the World Policy Institute, and to which particular attention should be paid in Ukraine's nation brand management (or during its rebranding), it should be noted that Ukraine were associated with war for more than 46 % of respondents and for about 20 % – with Russia. Then, association with the capital of our country – Kiev emerged in less than 10 % of respondents. At the same time, the positive point is that, despite Russia's aggressive propaganda, it failed to convince Europeans that there are any signs of fascism in Ukrainian actions, defending their homeland and defending the country's sovereignty.

Another method that makes it possible to indirectly assess the attractiveness of a country's nation brand is the one used in determining The Happy Planet Index – a combined indicator of the New Economic Foundation British research center. This index reflects the place of a country and a nation in achieving long, happy, sustainable life for all and combines four elements that show how effectively people from different countries use environmental resources. The method of calculating the index involves dividing the product of sub-indicators of welfare, life expectancy and income inequality by the ecological footprint indicator. Thus, in this method, more emphasis is placed on the sustainable aspect of nation and all mankind well-being.

According to the Happy Planet Index in 2016 Ukraine ranked 70th among 140 countries, having an average level for all indicators (welfare, life expectancy, income inequality and ecological footprint) [65].

Unlike previous views on methodological approaches to evaluation of a nation brand and appropriate branding results, Bloom Consulting company thinks that it should allow a clear answer to the question "How can a country or nation become attractive?" For this, according to Bloom Consulting, the method should be based on five dimensions of the so-called branding wheel (Fig. 2.4), each of which has its own target audience, which in turn has a certain need, namely:

1. Investments — benefits of investing.
2. Tourism — tourist experience.
3. Talent — workforce and lifestyle.
4. Prominence — general public admiration.
5. Exports — uniqueness of companies.

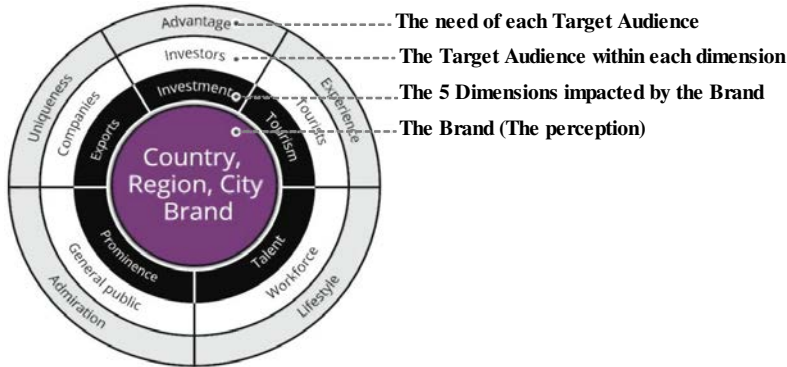
Note that not all five dimensions of the branding wheel can be equally measured: two dimensions — talent and prominence are more nontransitional than the other three (investments, tourism, exports).

Next to five dimensions, Bloom Consulting defines five goals: an increase in exports, attraction of investments, tourists and talents, an increase in national popularity, and treats them separately, rather than all together, like an umbrella. This way, in the company's opinion, it is possible to get a clearer forecast of growth and better understand the purpose of the overall strategy for successful nation brand building. At the same time, a special Bloom algorithm is used to carry out calculations of brand ratings. The algorithm takes into account the economic level of development of each country and with the help of statistical modeling can rank countries to compare them among themselves. The result is an accurate and objective valuation of the ranking based on rigid and soft data. It should be emphasized that the Bloom algorithm takes into account country ranks in Bloom Consulting ratings in previous years in order to use the country brand equity. In addition, one of the variables included in the Bloom algorithm is an online search demand (OSD) specifically developed by Bloom Consulting to understand the behavior of potential tourists and investors on the Internet.

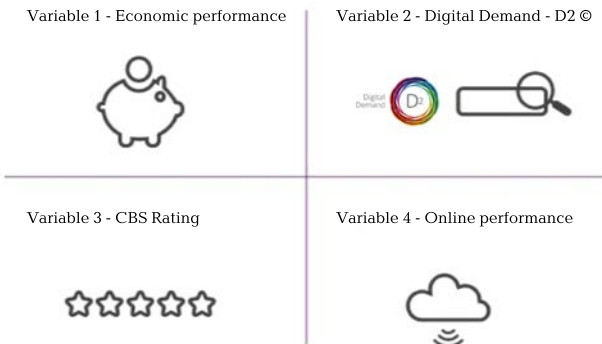
Using ratings Bloom Consulting not only tries to measure the country's brand perception, but also classifies them to evaluate how well each country implements its branding policy, that is, measure how effective their brands are in the most tangible and realistic way. Evaluating the effectiveness of each country brand, Bloom Consulting analyzes 4 key variables (Fig. 2.5) for each of the countries registered in the brand ranking.

In 2017/2018, among the countries of Europe, Ukraine according to the Digital Country Index, which is determined by the method of Bloom Consulting, had 24th rank (Table 2.8), and among all the 243 countries that were evaluated, — 61 rank. At the same time, Ukraine received the following ranking positions among the European countries for five dimen-

sions: exports – 21; investments – 15; tourism – 32; talent – 26; prominence – 23, and among the entire set of countries of the world the following: exports – 60; investments – 43; tourism – 93; talent – 61 and prominence – 63. Judging by the received assessments, Ukraine, developing its brand, should now pay special attention to the target installation aimed at attracting tourists.



**Fig. 2.4** The Bloom Consulting Country Brand Wheel.  
*Source:* Bloom Consulting: <https://www.bloom-consulting.com>



**Fig. 2.5** Key variables for calculating country brand ranks according to the methodological approach of Bloom Consulting.  
*Source:* Bloom Consulting: <https://www.bloom-consulting.com>

Of course, there are others methodological approaches, in addition to already described, that can be applied to the assessment of a nation brand and branding results (Table 2.9). At the same time, assessing the existence of nation branding initiatives and programs can be done not only by di-

rectly analyzing the specially developed ratings of nation, country, brands and territory brands, but also by indirectly studying other world rankings (for example, Global Competitiveness Index, KOF Globalization Index, The Global Innovation Index, Easy of Doing Business Index, Environmental Performance Index, etc.).

**Table 2.8** Ukraine's ranks in The Digital Country Index (Bloom Consulting) among the European countries in 2017/2018

Country	Ranks for dimensions among the European countries					Overall rank among European countries
	Exports	Investments	Tourism	Talent	Exports	
United Kingdom	2	2	4	1	1	1
Germany	1	1	5	2	2	2
Spain	4	4	1	3	4	3
France	5	3	3	4	3	4
Italy	3	5	2	5	5	5
Switzerland	7	7	13	8	7	6
Ireland	14	9	8	6	8	7
Turkey	8	8	6	19	20	8
Russia	6	6	19	12	19	9
Portugal	11	12	9	11	11	10
...	...	...	...	...	...	...
Finland	17	21	26	18	17	20
Malta	26	24	12	17	27	21
Luxembourg	23	22	24	21	22	22
Croatia	28	27	10	27	25	23
<b>Ukraine</b>	<b>21</b>	<b>15</b>	<b>32</b>	<b>26</b>	<b>23</b>	<b>24</b>
Romania	22	20	28	24	21	25
Hungary	24	26	30	30	24	26
Cyprus	29	28	20	23	29	27
Bulgaria	27	25	25	29	31	28
Czech Republic	25	29	27	25	30	29
Monaco	34	32	23	28	26	30
...	...	...	...	...	...	...
Faroe Islands	49	53	48	50	50	55

**Source:** Compiled by the authors according to Bloom Consulting [67]

**Table 2.9** Characteristics of other modern methodological approaches to nation brands evaluation

Name of approach/ rating/model	The essence of the methodical approach; dimensions of brand analysis/evaluation	Company/ organization that developed and/or applies
The Nation Brand Perception Index	The essence of the approach: analysis of links and references of countries in global media sources, using a system of content analysis and relevant metrics. Dimensions: a number of links and references of a country that determine the country's popularity; media quality.	East West Communications
Country RepTrak	The essence of the approach: A global study of ratings that measure the link between countries reputations and their economic results. The approach involves analyzing the perception of the country by stakeholders through online interviews. Dimensions: economy (high-quality products and services, education, labor force, brand); environment (lifestyle, culture, hospitality, nature); government (business climate, politics, security, efficiency)	Reputation Institute
Wiesbaden Brand Equity Model	The essence of the approach: study of interdependence between movement and factors of capital / income in process of country image analyzing and a "wheel" of a nation brand, which helps identify the weaknesses. Dimensions: external image and identity of self-perception of people, government, culture, exports, tourism, investments	The Research Centre Nation Branding
"Soft power" research approach	The essence of the approach: based on the concept of public diplomacy. Dimensions: government, diplomatic conditions, culture, educational System, business environment, nation branding, infrastructure	Monocle

**Source:** Developed by the authors according to East West Communication [69]; Reputation Institute [70]; the results of G. Polyshko researches [75]

So, summing up the analysis of variational methodological approaches to nation brands assessment, we state that the main attributes of a successful nation brand are: people (prominent personalities, talents, etc.), business (exports and investments), government policy, quality of life, tourism and culture.

The need to focus on the above-mentioned attributes-dimensions in order to ensure nation branding effectiveness, is confirmed by results of

activities of numerous institutions involved in their evaluation and country and nation images identification. Each country/state that seeks to be positively perceived by the world should develop its nation brand in view of its business, socio-economic, tourism, cultural and other dimensions. Forming nation branding strategies, it is expedient, on the one hand, to rely on the results of international ratings that directly or indirectly evaluate a nation brand, and on the other — to use experience of those countries that have already built attractive brands, pay attention to their national policy in the field of nation branding.

### **2.3 State policy in the field of nation branding: international and Ukrainian experience**

State authorities in different countries of the world began to actively involve in the process of a nation brand formation and development with awareness of importance of nation branding formation and development. In other words, nowadays, not only business but also state structures have come a clear understanding that perception of a country can play a decisive role in success of state activities, business, trade and tourism, as well as diplomatic and cultural ties with other with other nations. That is why nation branding gradually becomes an integral part of contemporary political practice in many countries/states of the world. Considerable attention is paid to nation branding policy formation at the state level in such countries as: the USA, Japan, the United Kingdom, France, Spain, Germany, the Netherlands, Belgium, Poland, Czech Republic, Hungary, Estonia, etc. In recent years, government agencies in Ukraine have been actively involved in this process.

It should be noted that nation brand formation with support of a state, as a rule, takes place in several stages, namely:

- nation branding goals and tasks are determined;
- target audiences and brand promotion ways are defined;
- stereotypes and associations about the country in the target audience are investigated;
- benefits, expectations and requirements of the target audience, original features and characteristics that, in its opinion, should have a positive nation brand, are determined;
- a nation brand is constructed taking into account the above defined advantages and expectations;
- a brand promotion strategy (although in some countries such a unified strategy may not exist, as, for example, in Canada) and a corresponding action plan, that, in particular, includes the transfer of constructed nation brand into real contexts (visual, verbal, communicative) are developed;

- monitoring and evaluation of intermediate results of nation branding program implementation and, if necessary, nation branding strategy adjustments are organized;
- permanent monitoring of effectiveness of the established nation brand is organized; a decision on rebranding is made in the case of a steady trend towards its fall.

International experience shows that nation brands formation/development is usually carried out by special companies and specialists, which the state involves to this process on a tender basis. For example, in Poland such function was performed by the agency "Corporate Profiles DDB", which has developed a nation logo, a slogan and marketing campaign as a whole. In Scotland, there is the marketing company CLK. In Canada, in the absence of a unified nation brand promotion strategy, there are following agencies: "Garneau, Wurstlin Philp Brand Engineering", which proposes to promote Canada as the "younger version of the US" and "Taxi Advertising & Design", which proposes to focus on innovation and creativity country's potential. In Ukraine, the "Banda" agency was involved in new nation brand ("Ukraine NOW") development, etc.

At the end of the previous paragraph, we concluded that in nation brand formation/development it is worth paying attention to experience of other countries in this process. Despite this, and also clearly realizing that image of Ukraine in the world today is far from ideal, we consider it necessary in our study to appreciate some international nation branding examples, in implementation of which the state and local authorities were involved. We took these examples from various sources [10, 11, 15, 26, 27, 38, 46, 49 – 51, 60, 64, 72, 77 et al.], including results of our own research and information from Internet resources on nation branding policies implementation in different countries of the world. Of course, not all of them are very positive – there were failures. Therefore, we will try to figure out what exactly it is worth paying attention to choose and effectively implement a nation branding strategy and try not to make mistakes of others.

### ***Experience of Scotland***

Scotland started to create its own brand one of the first. In this country the problem of preserving national identity as part of the British Empire has a long and broad history. In 1994, the provincial economic development agency "Scottish Enterprise" launched the project "Scotland the Brand". The slogan of this project is "Scotland the brand" and it is in tune with the name Scotland's patriotic song, a kind of unofficial hymn "Scotland the brave". At the beginning, the goal of this project was to support tourism business development in Scotland, development of Scottish national culture and its promotion abroad, as well as expanding exports of Scottish companies. The project was preceded by a study that revealed that Scotland had

its original, recognizable, but somewhat superficial image in the world, which combines traditional tartan skirts and bagpipes; beautiful, though harsh nature; proud, patriotic, brave, but patriarchal and somewhat non-modern people.

Based on results of the abovementioned study, a Scottish brand promotion strategy was developed, aimed at consolidating positive aspects of country image and simultaneously removing negative ones. As a priority, it was determined to overcome notion of technological backwardness of Scotland, which in relation to business has always been in the shadow of greater and more developed England. Thanks to this, in 1997, "Scotland the Brand" was transformed into a distinctive national "quality mark", which clearly testified to the Scottish origin of products and symbolized core values of Scotland as a brand — a sense of identity, diligence, historical traditions.

An institution of so-called "envoys" was created in 90's of the twentieth century within the framework of "Scotland the Brand". Famous artists, athletes, businessmen of Scottish origin were attracted as "envoys". Since then, they have been actively participating in events of "Scotland the Brand" project, including helping to promote Scottish companies to foreign markets.

### ***Experience of Australia***

Unlike the Scottish, the Australia's brand was created with a well-defined and quite utilitarian goal of attracting American, Asian and European tourists to this distant country.

The Brand Australia promotion program began with creation of the Australian logo. As shown by surveys conducted in the country and abroad, the most recognizable symbol of Australia is the kangaroo. The silhouette of this typical Australian animals became the main part of the logo, which also found a place for golden sun disk and blue waves of famous Australian beaches.

Before the Olympics 2000 in Sydney, Brand Australia advertising campaign was accompanied by Olympic symbolism, with the idea that the city was not the whole of Australia and there were still many places to visit.

In May 2002, the innovative website Australia.com was officially launched, containing more than 10 thousand pages of text in nine languages and more than 2.2 thousand digital photos. In this case, even the national specificity of visitors was taken into account. For example, in the Chinese version there were more photos and less text; German pages provided detailed text, maps and charts; Americans were offered extremely simple texts with colorful pictures and color maps; Japanese could see photos of Japanese tourists against the background of Australian attractions.



### ***Experience of France***

In 2003, the French government commissioned an advertising specialist F. Lenchener and his agency to develop a project to form the "Brand France", which should consist of the following elements: innovations; culture; tourism; promotion of regions and tourism; goods. For each of these elements, a key message has been identified: for innovations – "Invest in France!" (the agency "Invest in France" under the Ministry of Finance and the Ministry of Regional Development was responsible for this message implementation); for culture – "Learn French!" (Institut Français, created under the auspices of the Ministry of Foreign Affairs); for tourism – "We meet in France" (tourism development agency "Atout France"); to promote the regions and tourism – "Open your France" ("Bourgogne", "Cannes" and other regional agencies); for goods – "Buy French!" (association "Pro France"). As part of the "Brand France" project, all communication channels were used: Internet sites, social media, mobile applications, and the like. An important role in positive results of French nation branding was also played by the regional strategy of country positioning and methods of public diplomacy.

### ***Experience of Poland***

In 1996, under the auspices of A. Kwasniewski in Poland, the program "Brand – Brands" ("Marka – Markom") was launched, which was aimed at reviving significance of Polish branded goods both inside the country and abroad through organization of promotional actions for Polish enterprises, publications about national industry traditions, etc. In order to create country attractive investment image, the foreign investment Agency conducted an advertising campaign in Western Europe and the United States on attracting investment. The target audience was the leaders of Western companies, Western economists and market experts who make investment decisions. As part of the project, the Agency placed commercials in the business programs of leading international TV channels, as well as advertising layouts in the most famous business newspapers in Western Europe and the USA. However, this program was not effective due to its narrow target audience.

In 2001, nation branding strategy of Poland was revised and expanded. The state brand was aimed at achieving not only economic but also political goals. The main problem of Poland at that time was associated with the lack of recognizable symbols that would have caused positive associations with Poland. Therefore, the government of the country announced a tender for national logo creation, which could be widely used both in Poland and abroad. The tender was won by the Polish advertising agency "Corporate Profiles DDB", partly owned by "DDB Worldwide". The results of the research carried out by this agency on Poland perception in the world have shown that this perception in the West had a predomi-

nantly negative color and chaotic character. Agency specialists developed a logo containing the name of the country (Polska). After logo creation, a large-scale program on its use began: in Poland's advertising abroad, on printed materials of Polish companies, and on big boards dedicated to Poland rapid accession to the EU. In May 2002, the National Marketing Program was launched, two stages of which were reflected in the holding of conferences "Marka dla Polski". The new nation branding program was supported by organizations such as the Ministry of Foreign Affairs of Poland, the National Economic Chamber, the Ministry of Economy and Labor, the Polish Agency for Information and Foreign Investment, and the Polish Tourism Organization. Coordination was carried out by the Institute of Polish Brand ("Instytut Marki Polskiej").

At the end of 2003, the National Economic Chamber decided to create a group of international experts who would develop the main idea and proposed a strategy for national marketing program introduction, led by well-known British expert in the sphere of state branding V. Olins. During the second conference "Marka dla Polski", a group of international experts presented the leading idea of the brand "Creative Tension". The main message is that Poland and Poles have extraordinary endurance and inclination to self-rethink. The emphasis was put on combination of such characteristic features of the Poles as practicality, achievement of their own goals, patience and quick temper.

In January 2011, in the context of preparations for the Euro 2012, the Polish Travel Agency signed an agreement with UEFA on cooperation in enhancing Poland attractiveness and launched a PR campaign. The target audience of the PR campaign was the public in France, Germany and the UK. Promotional campaigns were extended to other "important soccer countries" such as Spain, Italy, Switzerland and Austria, the Benelux countries and Scandinavia. The developed public relations program consisted of three phases:

- 1) intrigued by Poland (for 1 year up to Euro);
- 2) building a relationship (from December 2011 to February 2012);
- 3) to discover Poland (February – July 2012).

It should be noted that Poland's brand campaign has proved to be quite successful and has succeeded in improving country image as well as improving its tourist and economic attractiveness.

### ***Experience of South African Republic (SAR)***

South Africa is another successful example of nation brand promotion. For a long time this country was perceived by foreign businessmen as a country of Africa with typical problems for this region: incompetence and corruption of ruling circles, poverty and AIDS. In this regard, IMC was faced with the task of creating and promoting a new nation brand – Brand South Africa, which would contribute to country unity and its attractive image

formation abroad, which in turn would stimulate exports, inflow of foreign investment and tourism flows.

One of the first initiatives of IMC was the "Proudly South Africa" program launch in 2001. Within its framework, materials were prepared and published for the national and foreign press, reflecting the country's real achievements in economic development and combating poverty.

In September 2002, IMC, with the help of specialists from "Unilever South Africa", developed the slogan of the Brand South Africa – "Alive with Possibility". The peculiarity of the South African nation brand is that it is aimed at the national audience to a greater extent than for foreign investors and tourists. Of course, Brand South Africa has to affirm positive values in order to entrench an image of South Africa as a modern country in which foreigners can relax or doing business. But its main task is to serve the creation of a single multi-racial and multinational society. Therefore, the main efforts to promote Brand South Africa are added internally, and various international events taking place in the country are used for South Africa promotion abroad.

### ***Experience of Canada***

In 1999 the Investment Partnership Agency of Canada, which is part of the the Ministry of Industry, but also works under the Ministry of Foreign Affairs, was tasked with developing a Canadian brand to attract foreign investment. Branding Secretariat was created under the Agency as secretariat for nation brand development.

The first step of the Agency was agreements conclusion with several entrepreneurs working in the field of communication technologies that during their visits to the US in the framework of their speeches and presentations to professional American audiences, they made several broad statements of pro-Canada orientation. The value of this approach is that the necessary information is communicated to investors with minimal financial costs, and through specialists whom these investors trust.

The second major step in nation branding was brochure "Canada's Winning Secrets" publication in 2002, in which is talked about the benefits of the business climate in Canada.

Canada is also another good example of how, through international cultural and sporting events, the host countries attract the attention of the world community to its nation brand, developing new tourist and financial flows, infrastructure, creating jobs and attracting investment that provides a favorable internal climate in the country. For example, Winter Olympics 2010 in Vancouver allowed Canada to significantly improve its international status through the brand's tourism component and reach first rank among nation brands according to the Country Brand Index [60].

### ***Experience of Germany***

In 2002, a campaign, which involved the PRC "ECC Kohtes Klewes", was organized in Germany to update the country brand called "Brand Manifesto for Germany". The specialists had a rather difficult task – to destroy negative stereotypes about Germany in the world. The focus was on the new logo.

Germany's branding campaign for the 2006 FIFA World Cup caused a great social resonance. Several branding campaigns targeting internal and external audiences were launched. The most interesting was the campaign "Land of Ideas", supported by the German government and aimed at solving important for the country issues relating to the renewal of political, economic, cultural country image. The campaign "Land of Ideas" focused on the economic and cultural components to represent Germany as a successful country, which is the undisputed leader in various fields of economy: engineering, pharmacology and cosmetology. The large-scale campaign began 18 months before the championship and was held under the patronage of the President of Germany. It was a joint initiative of the Federal Government and the Industrial Association of Germany. In addition, partnerships between scholars and cultural figures, government representatives, as well as the public and non-governmental organizations, including the Federal Foreign Office, Goethe Institute, Invest in Germany, Chamber of Commerce and Federal States (Brandenburg, Baden-Wuerttemberg), became more active.

Thanks to a well-thought-out branding campaign, Germany was able to expand economic and political contacts and establish partnerships with other countries. Its important result was the increase in the country's position in the index of the most popular nation brands.

### ***Experience of Estonia***

Estonia after the collapse of the USSR was a little-known country in the world that had to be presented in order to develop and build a competitive economy [30]. However, the real story of nation brand formation began in the early twentieth century, when Estonia won the Eurovision Song Contest and got the opportunity to present its country to wide international community. Exactly then Estonian society has understood to remain competitive; each country must promote its brand [72, p. 19].

For Estonia's nation brand concept implementation in 2002, about 40 million Estonian kroons were allocated and specialists from the British agency "Interbrand" were involved. British specialists conducted marketing research within Estonia and five other countries (Germany, Great Britain, Finland, Sweden and Russia). 15 people, who during the last year visited Estonia as tourists, on business trips, etc., were interviewed in each of them. According to the results of the research, the medieval buildings of Tallinn, Estonian culture and language were the most char-

acteristic features of Estonia. Therefore, it is logical that the developed logo resembled the geographical contour of the country with the text "Welcome to ESTonia", made in red and white colors. The slogan of the campaign was "Positively Transforming". This logo was placed on postal envelopes, Estonian visas, souvenirs, packages of export goods, etc. Elements of the national logo were proposed to be used in the symbols of the national airline and the Tallinn seaport, on Tallinn taxis and facades of city hotels.

Since there are no high-tech brands in Estonia, it represented herself as a "green country" in the hope of attracting the attention of environmentalists and investors. However, despite the investment, Estonia failed to form a strong brand, and the effect of the campaign was rather regional, as it greatly contributed to an increase in the number of tourists from Eastern Europe and Russia. That is why in 2008 modernization of the Estonian nation brand began. Based on information on the logo and image of Estonia, collected during three studies, data received by "Enterprise Estonia" after interviewing opinion leaders and experts, as well as open seminars organized with international consultants, new positioning of the nation brand ("Positively Surprising") was grounded. The new positioning idea became the basis used by the Estonian advertising agency "Tank" to develop "Introduce Estonia" — the updated nation brand philosophy, which became part of natural evolution of the previous brand platform "Positively Transforming" and emphasized importance that in the nation branding framework all citizens of Estonia are ambassadors of its brand. In order to help citizens better fulfill the role of nation brand ambassadors, "Enterprise Estonia" recommended using a special branding toolkit: a site with stories and symbols, a photo and a database of films about Estonia, etc. In fact, a harmonized approach was proposed to how Estonians should tell the world about their home.

One of the important messages of new nation branding is "Estonia may be small in form but rich in content", which positively influenced the perception of Estonia in the international arena after its accession to the EU. The main areas of nation branding were: education envisaging foreign student attraction and science positioning; internal communications for creating a nation identity and Estonia's positive image within the country; tourism and business to attract tourists and foreign investment.

### ***Experience of Puerto Rico***

In the mid-50s of the twentieth century D. Ogilvy was approached by the government of Puerto Rico, a small Latin American country, extremely interested in attracting tourists, setting him an almost impossible task: to change the attitude of Americans towards this country. D. Ogilvy decided to replace poor image of Puerto Rico with image of a beautiful island, and it was the basis for the concept of this country brand building. At the same

time, using the example of Puerto Rico, D. Ogilvy proved that it is impossible to promote a country from only one point of view, it is necessary to form common positive image by all means, because then a chain reaction works: tourists, investors and big trade networks come to the country, etc. Note that the agency "Ogilvy & Mather" had been working on Puerto Rico image for more than five years. The results were impressive: a flow of tourists was growing, and regular polls showed that Puerto Rico image in the minds of Americans had undergone dramatic changes.

### ***Experience of the Czech Republic***

Experience of the Czech Republic is interesting in terms of nation brand development. When the study revealed that some of its neighbors represent its inhabitants, only as peasants who export the world sunflower oil, the Czech Republic was worried about its image, and among other measures, announced a competition for country's logo development. Under the terms of competition, the emblem should have been an easily understood symbol for representing the Czech Republic abroad: at fairs, exhibitions, publications, mass media campaigns, cultural events and official conferences. The symbol of the logo received the status of an unofficial one and in no case was supposed to replace the serious symbolism of the country, but on the contrary was to be witty and bold, practical and with unlimited use, reflecting the unique character of the Republic. According to the competition results, the emblem of the cloud, in which the thoughts of comic book characters are usually placed, was chosen as such a symbol. Now in the bubble clouds it easily accommodates all the Czech specialties — from beer to Kafka, from favorite cartoon characters to a national hobby — picking up mushrooms.

### ***Experience of Liechtenstein***

Liechtenstein is one of the most European countries. Over the years, several areas of specialization have been formed in this country, allowing it to successfully and profitably participate in international trade and commercial activities. However, over time, Liechtenstein image was somewhat compromised by stereotype existing in the world that this is not an original country, but only a financial center. To overcome this problem, a working group was established under the leadership of the foundation "Liechtenstein Image", which brought together advertising agencies, leading industrial enterprises, large trade and industry associations, authorities and representatives of the country's prime minister.

The first task was to create a common idea for Liechtenstein, which would reflect and integrate various areas of interaction and could influence all categories of target audiences. On the basis of the most expressive features of the country, experts formulated a number of ideas: small size, economic prosperity and attractiveness. The idea of the brand was based

on Liechtenstein nation main features — dedication, entrepreneurial spirit and humanity.

The idea of a gemstone was used as a graphic solution. In the logo developed by Wolff Olins, this stone shines against a dark purple background. At the same time, a set of graphic elements was developed: "house", "star", "heart", "flower", "coin", which together form princely crown image symbolizing the close connection between the state and the people.

### ***Experience of Romania***

Romania's nation branding is based on the idea of creating delirium through myth-making [26]. In other words, the country decided to use legends and images that are significant for residents and visitors of Romania. However, the wide range of myths demonstrated in brandy only proved the absence of a single solution to the country's nation identity.

### ***Experience of Bulgaria***

Bulgaria, in the process of its own brand building, turned to national symbols, but not related to world-known facts about the country, and reproduced them in brand communication. As a result, the lack of contextualization of declared brand components created some confusion among foreigners who were not familiar with the relevant historical or cultural facts.

From the practical experience of nation brand formation/development in other countries of the world, we will move on to Ukraine.

### ***Experience of Ukraine***

The first attempts to define the national identity of Ukraine were made after the collapse of the USSR in 1991. First of all, this initiative opened the country's market opportunity to develop new image aimed at new perspectives [7]. However, unfortunately, Ukraine could not fully realize these opportunities in the first years of market restructuring due to a number of objective and subjective reasons.

Only in 2005, real steps were taken to Ukraine's brand creation: a tender worth UAH 12,8 billion for its development was won by the company "Konglomerat". A year later, in 2007, the State Service of Tourism and Resorts under the Ministry of Culture of Ukraine decided to promote the tourist brand "snowy winters" under the slogan "Ukraine — for snow lovers". Company "Grand Print Ukraine" won the tender and received UAH 8 million for a "breakthrough in the information markets". Promovideo about Ukraine was shown 80 times on each of the following channels: Euronews and National Geographic.

Despite the above attempts to introduce branding, we think that measures to create and promote Ukraine's nation brand were fragmentary by 2010, and therefore it is unlikely that such country branding can be assessed as highly effective.

A more conscious and organized nation branding campaign began in Ukraine during the preparation for the European Football Championship in 2012. At that time, Ukraine's brand development and promotion were entrusted to the Ministry of Foreign Affairs, and in 2011 a presentation of the developed Strategy of Ukraine Positioning Abroad was made by company "CFC Consulting", which provides strategic communications services and is an affiliate partner of the international company "FD". The main brand slogan was the message: "Ukraine — openness", which aimed at positioning Ukraine as a state opened to reforms, tourism development, readiness to participate in global processes, and to invest. This Strategy was presented as a brand-book by analogy with world-wide practice.

Marketers laid openness, as the most characteristic of Ukrainian features, on the basis of the developed brand "Ukraine" and explained it by scheme of values of population. The central point of all the projects and information campaigns of branding strategy of Ukraine was the concept "Ukraine. All about U".

A set of activities within the framework of the concept "Ukraine. All about U" is structured as follows:

- information in the first wave of projects is aimed at a general presentation of Ukraine to the world — "Switch on Ukraine" (tourist opportunities, investment attractiveness, etc.);
- programs and actions of the second wave are of a more specific nature (ethno-tourism, investments in specific sectors and national projects, etc.), expressed by the slogan "Ukraine. Moving in the fast lane".

In total, within the framework of implementation of the nation branding strategy "Ukraine", developed by the "CFC Consulting" specialists on the basis of research data using the online survey method, five information campaigns were planned: "Ukraine. All about U", "Switch on Ukraine", "Ukraine inspires", "Ukraine, beautifully yours" and "Ukraine. Moving in the fast lane" [42].

Respondents from Germany, Spain, France, the United Kingdom and Italy were involved in the poll conducted in December 2010. The target audience of the respondents, which included more than 2 thousand respondents, was chosen among representatives of the following five groups:

- 1) foreign tourists who often travel;
- 2) enterprises owners, higher and middle management;
- 3) officials having an influence on public opinion formation;
- 4) residents of large cities;
- 5) media representatives.

The results of this survey revealed a generally low level of awareness about Ukraine: almost 64 % of respondents were never interested in such a country or remember only some facts from the news about Ukraine; 22 % of respondents were only superficially familiar with Ukraine and only 14 % were well informed about Ukraine because they were or are



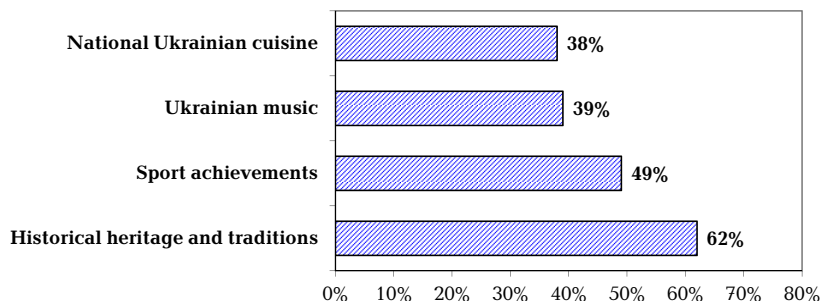
regularly in Ukraine, interested in news from Ukraine. Among the age groups, the lowest level of awareness about Ukraine was demonstrated by age groups up to 20 years (74 %) and from 51 years and older (71 %) [46, 60].

Unfortunately, during the survey it was found that quite a significant number of respondents (36 % of the total number of respondents) were unable to identify the most characteristic features of Ukrainians as ethnos representatives, even from the list of 11 features offered during the questionnaire. Those who did this called hospitality (54 %), hard work (53 %), dignity (50 %) and discipline (47 %) among the most characteristic Ukrainians features. According to respondents from EU countries, among the least characteristic Ukrainians features were: tolerance (38 %); creativity (36 %) and reliability (35 %).

The results of the survey showed that there are some promising types of tourism for Ukraine that are associated with: cultural and historical monuments visiting (opinion of 56 % of respondents); rural tourism (44 %); nature reserves visiting (44 %); so-called festival tourism (39 %). The smallest number of positive responses fell to seaside resorts and ecological tourism (of 34 % each), as well as pilgrimage (23 %).

According to the survey results, company "CFC Consulting" concluded that most foreigners perceive Ukraine, primarily as an agrarian (66 % of respondents) and religious (55 %) country. Unfortunately, only half of respondents identified Ukraine as a European country. Only 25 % of respondents considered it as investment-attractive and safe.

The most positive image of Ukraine in the world was associated with such attributes as historical heritage and traditions and sporting achievements, and the least – high-quality medical service and fashion industry (15 % of respondents). Ukrainian music and national cuisine were attributed to the most attractive associations with Ukraine's image (Fig. 2.6).



**Fig. 2.6** Most attractive associations with Ukraine's image in 2010.

*Source: Built by the authors according to [60]*

Foreign citizens would like to see Ukraine, first of all, democratic (25 %), open (15 %) and economically stable (14 %), safe and affordable for tourists (10 %), as EU member (9 %), politically stable (5 %), modern and modernized (4 %), hospitable (3 %), traditional and original (3 %). Other wishes also included the following: Ukraine should be cosmopolitan; independent from the influence of Russia; actively use non-traditional and renewable energy sources; pay attention to ecological problems; create new jobs.

Unfortunately, the information campaigns related to Ukraine's nation branding before the UEFA Euro-2012 football championship proved insufficient to develop a positive attitude of the European community towards Ukraine, since they were only superficial character, showing picturesque landscapes and national motives. None of the information campaigns raised the issue of necessary in the country reform and population changes implementation regarding the perception of the international community. The main reasons for branding campaign failure, in our opinion, were:

- firstly, the lack of a unified integrated Ukrainian idea;
- secondly, the visually presented information and sub-projects of the nation branding campaign were very strongly diversified and, at the same time, they practically did not apply to the perception of Ukrainian citizens who went abroad. And this indicates that an attempt to build a nation brand was made contrary to the established principles of communication and branding [40, 41];
- thirdly, ignoring the formation of a nation branding strategy for so-called control of a social entity [27] or public opinion. In other words, only marketers were among the main stakeholders involved in the nation brand creation process, and therefore the branding strategy was alien and unacceptable for other categories of stakeholders. In addition, developers and implementers of nation branding made the mistake of making a major focus on advertising Ukraine, rather than creating grounding for attractive country image.

Financial flows attraction due to attractive nation image, as international practical experience shows, does not simply depend on the placed billboards, which will show that the country is supposedly moving in a "speed lane". That is, if the country is in the last places on the investment climate, then it will only waste its money on advertising, simply it will not be perceived by the target audience, to which it is directed. The same applies to tourist flows attraction.

A branding campaign associated with the Eurovision Song Contest in Kyiv in 2017 was the other attempt to correct negatives in Ukraine's perception and association first of all with the war and the aggressor country, Russia. Then two Ukrainian creative agencies, "Republique" and "Banda", became the winners of the competition for the best logo

and slogan of the song contest. They proposed the slogan "Celebrate Diversity", which was aimed at uniting Europe and the countries outside its borders, whose citizens are gathered together to honor what unites us and what distinguishes one from another, makes us unique. The logo was based on a necklace, each element of which was given a unique pattern and shape (Fig. 2.7), which symbolized, on the one hand, the uniqueness of each person and the country that participated in the competition, and on the other, a common aspirations and combining love to the music. During the development of the logo, the task was to bring traditional Ukrainian beads necklace image to a different level of perception and association with the aspirations of the Ukrainian nation for unity and cooperation with other countries.



**Fig. 2.7** Logo of the Eurovision Song Contest — 2017 and traditional Ukrainian red beads as a symbol of unity and love.

*Source:* <https://lifeimg.pravda.com/> and <http://vsviti.com.ua>

In 2018, the Cabinet of Ministers of Ukraine supported the unified Ukrainian brand "Ukraine NOW", developed by the Ukrainian agency "Banda" (Fig. 2.8) within the framework of the work of the Commission

on Promotion of Ukraine under the Ministry of Information Policy of Ukraine, as well as on the basis of proposals from British partners. It is also expected that a modular brand-book will be developed on the basis of a new nation brand, which will become a kind of united voice of Ukraine around the world. It can be noted that the logo of the brand is designed to be easy to use not only for presentations and informational products, but even as stickers for anything – from travel bags to buses and airplanes.

Of course, as in the previous cases, while we are talking about only of development of a new idea to promoting Ukraine in the international arena and a new logo creation. Unfortunately, the clearly defined comprehensive nation branding strategy for the Ukrainian community has not yet been presented. And in our opinion, it should be developed more than ever if Ukrainians are keen to create stable and attractive Ukraine's image in the world. The urgency of this state approach to nation branding is also due to the international survey of a British government company that acted as one of 27 experts in the preparation of a new brand of Ukraine. It was discovered that today the three most popular associations with Ukraine are "corruption", "revolution" and "war". Thus, the Ukrainian nation needs to have not just advertising slogans, but a clear program of actions aimed at convincing the world in opposite and formation and development of absolutely new associations attractive for Ukraine's image and Ukrainian nation's image.

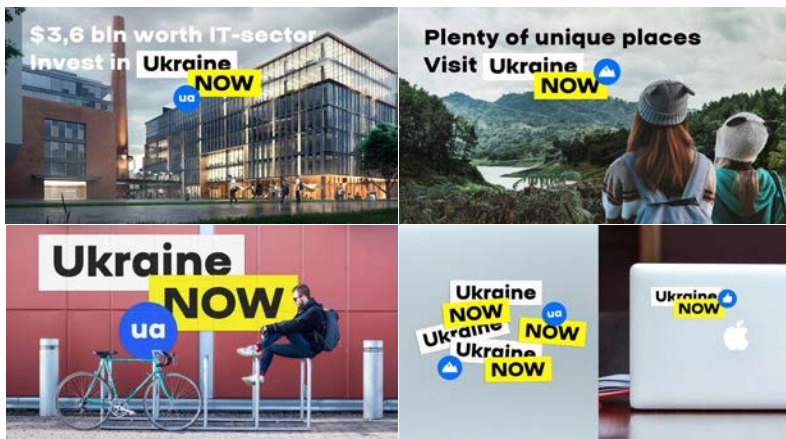


Fig. 2.8 Logo of the new brand of Ukraine "Ukraine NOW".

Source: <https://images.search.yahoo.com>

It is clear that any nation branding requires financial support. For example, at the beginning of the XXI century governments in many

countries invested billions of dollars in nation brands creation and promotion. In particular, France spent about USD 3,1 billion, United Kingdom spent more than USD 1,2 billion on brand "GREAT" creation and promotion, as well as Germany; in turn, the United States spent about USD 1,4 billion, etc.

Of course, the budget of Ukraine's spending on nation branding can not yet be the same as in developed world countries due to a number of objective reasons. In 2018, the Ministry of Information Policy of Ukraine, according to Interfax-Ukraine, planned to spend about UAH 35 million (or about USD 1.3 million, according to our calculations, taking into account the dollar to hryvnia exchange rate) on Ukraine's media promotion abroad, incl. about UAH 3 million (or more than USD 110 thousand), for promotion on the EuroNews channel [59].

At the same time, trying to implement an effective nation branding policy, it should be remembered that the main financing should be aimed at creating a real positive basis for the nation brand and its effective promotion in the world, and only secondarily – on its advertising. Only under this condition, in our opinion, it can be possible to create stable positive country and nation images and associations consolidated with them in the minds of a wide international audience.

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## **Chapter 3**

# **Export brand of Ukraine in the nation branding model**

### **3.1 Export realities and prospects of Ukraine**

Exports are one of the key factors affecting the dissemination of information about the country in the world. The attractiveness of goods and services of the country-producer for global community is due to formation of stable goods association with it, and contributes to nation branding efficiency increasing. In this regard, exploring aspects of Ukraine's nation brand development, it makes sense to elaborate on export realities and prospects of Ukraine.

In 2017, Ukraine, according to the State Statistics Service of Ukraine [5], exported goods to 201 countries of the world, and the number of enterprises engaged in foreign trade in exports amounted to 16,5 thousand. In general, exports of goods in 2017 amounted to USD 43,3 billion (Table 3.1) and increased by almost 19,0 % of the volume of 2016, and by 13,6 % of the volume of 2015, although it has not yet reached the volume of 2013. The negative balance of foreign trade in goods amounted to USD 6,3 billion in 2017. The negative balance of foreign trade in goods in 2017 was 6,3 billion dollars USA. Formation of a negative balance was influenced by separate commodity groups, namely: mineral fuels, petroleum and distillation its products (USD 10,9 billion), mechanical machines (USD 4,0 billion), means of land transport, except for railways (USD 3,8 billion), plastics, polymer materials (USD 2,0 billion), pharmaceuticals and electric machines (by USD 1,6 billion).

Thus, we note that against the backdrop of a negative tendency to decrease the goods export-import coverage ratio, which after a value of 1,02 in 2015 dropped to 0,87 in 2017, in recent years in Ukraine a tendency to increase commodity exports has been witnessing. It remained in the first ten months of 2018, during which Ukraine exported goods to USD 38,8 billion [12], which was 10,3 % more compared with the same period in 2017.

Exports of Ukraine's services in 2017 amounted to USD 10,7 billion (Table 3.1), and were more than 4 times smaller than goods exports. However, the country has a tendency to its growth: services exports volume in-

creased by almost 8,1 % in 2017 against the volume of 2016, and by 10,0 % of the volume of 2015. The positive balance of foreign trade in services in 2017 amounted to USD 5,2 billion, while the services export-import coverage ratio was close to 2 and was 1,95. As can be seen from the data of Table 3.1, in the country during 2015–2017 there were trends towards growth in both the services exports volume and the services export-import coverage ratio. Formation of a positive balance of services exports in Ukraine in 2017 was mainly influenced by volumes of transport services, processing of material resources, in the field of telecommunications, computer and information services. The balance of pipeline transportation services amounted to USD 2,9 billion, goods processing services for the purpose of selling abroad – USD 1,4 billion, computer services – USD 1,1 billion, air transport – USD 0,6 billion, and sea transport – USD 0,4 billion.

**Table 3.1** Dynamics of exports volumes and structure and export-import coverage ratios in Ukraine during 2013–2017

Indicators	Years*					Deviation 2017/2016, %
	2013	2014	2015	2016	2017	
Exports of goods and services, USD bn	74,2	65,4	47,8	46,3	54,0	16,63
Goods exports, USD bn	62,3	53,9	38,1	36,4	43,3	18,96
Share of goods exports in total exports, %	84,0	82,4	79,7	78,6	80,2	1,99
Services exports, USD bn	11,9	11,5	9,7	9,9	10,7	8,08
Share of services exports in total exports, %	16,0	17,6	20,3	21,4	19,8	–7,33
Imports of goods and services, USD bn	83,3	60,8	43,0	44,6	55,1	23,54
Goods imports, USD bn	75,8	54,4	37,5	39,3	49,6	26,21
Services imports, USD bn	7,5	6,4	5,5	5,3	5,5	3,77
Export-import coverage ratio (total)	0,89	1,08	1,11	1,04	0,98	–5,59
Goods export-import coverage ratio	0,82	0,99	1,02	0,93	0,87	–5,75
Services export-import coverage ratio	1,59	1,80	1,76	1,87	1,95	4,15

\* Data for 2013 – calculated excluding the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol, for 2014–2016 – excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the zone of the anti-terrorist operation; for 2017 – excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions.

**Source:** calculated by the author according to the data of the State Statistics Service of Ukraine [3; 11]

At the same time, as the growth of volumes of exports of goods and services totally was less than the growth of imports in 2017 versus 2016:

16,63 % versus 23,54 % (Table 3.1), then the export-import coverage ratio was, unfortunately, less than 1 and equaled 0,98 for the first time from 2013.

The main tendency of Ukrainian export development is the reduction of the share of the CIS region and simultaneous growth of the share of the EU and Asian countries (Fig. 3.1). This reorientation is primarily related to:

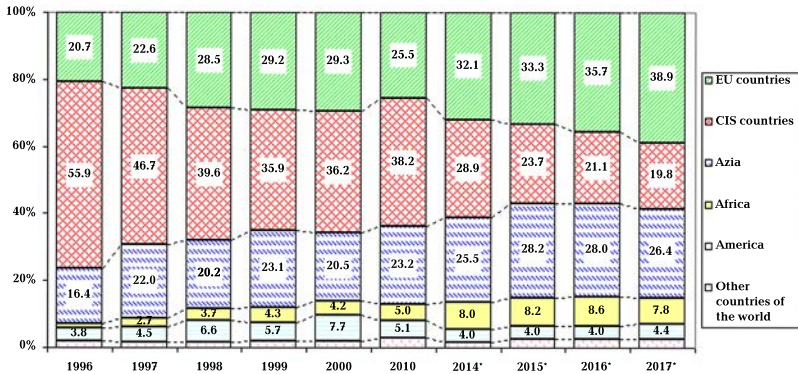
- world economic processes, including improvement of foreign economic conditions on the main goods of domestic exports (first of all, in the EU region);
- structural changes experienced by the economies of the former Soviet republics after the collapse of the USSR;
- trade restrictions (technical barriers, sanitary and phytosanitary measures) from the Russian Federation (RF) on the export of goods of Ukrainian origin, which were gradually introduced from 2013, which led to formation of negative trends in foreign trade and reduction export volumes of Ukraine to the Russian Federation;
- the introduction of bilateral restrictive measures by Ukraine and the Russian Federation from the beginning of 2016, which strengthened the negative trends in mutual trade between the countries and led to losses in export volumes in the CIS region, disruption of industrial ties;
- integration processes between Ukraine and the European community.

The way in which a product or service is delivered and characteristics of market structure (in particular, the ratio of large, medium and small companies) also have a certain influence on the geographical structure.

In 2017, the share of exports of goods and services to the CIS countries amounted to 19,8 %, while the share of exports to the EU countries reached 38,9 %, so, was the largest. In 2017, exports share to the Asian countries accounted for 26,4 %, and to African countries — 7,8 %. In 2017 similar changes occurred in goods exports: the EU region ranked first (40,5 % of Ukraine's total exports of goods), the Asia region ranked second (almost 30,0 %), and the CIS region occupied third place (16,0 %). Significant export supplies of goods among EU countries were made to Poland — 6,3 % of total exports (ferrous metals, electrical machines, ores, slag and ash), Italy — 5,7 % (ferrous metals, grain crops, fats and oils of animal or plant origin) and Germany — 4,1 % (electric cars, oil seeds and oleaginous fruits, clothing and clothing accessories, textiles). Among other countries of the world to which Ukraine exports goods, the largest exports in 2017 were to: the Russian Federation — 9,1 % (ferrous metals, mechanical appliances, products of inorganic chemistry); Turkey — 5,8 % (ferrous metals, seeds and fruits of oilseeds, grain crops); India — 5,1 % (animal or vegetable fats and oils, grain crops, mechanical appliances). The markets of Egypt and China became also popular destinations for Ukraine.

So, in recent years in Ukraine there has been a steady tendency to deepen the geographical diversification of goods exports by gradually re-

ducing the orientation towards CIS markets. In current situation in Ukraine, this fact should be assessed as positive in terms of expanding the geographical boundaries of popularization of Ukrainian goods in the world, and therefore, as a result, strengthening the nation brand, and in terms of measures aimed at minimizing negative consequences of Ukraine's export losses due to deterioration of economic ties with the Russian Federation.



**Fig. 3.1** Dynamics of geographic structure of exports of goods and services of Ukraine during 1996 – 2017\*.

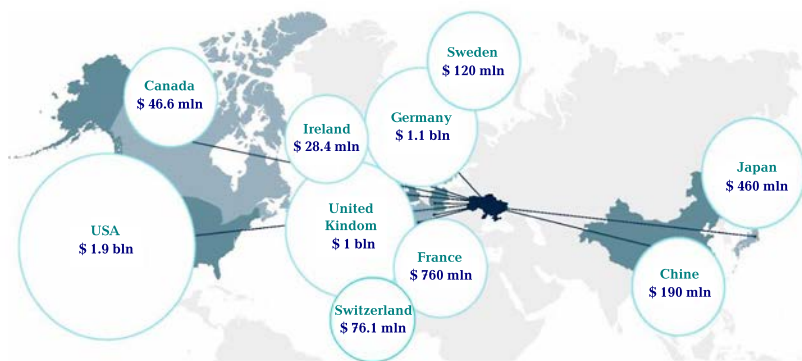
\* Data for 2014–2016 – excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the area of the anti-terrorist operation; for 2017 – excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk oblasts.

**Source:** Calculated by the authors according to the data of the State Statistics Service of Ukraine [1; 2]

As for Ukraine's services exports, the situation in 2017 was as follows: the CIS market ranks first (35,1 % of total Ukraine's services exports), the EU countries market was the next (32,2 %), with lagging only 2,9 % (whereas in 2016 this gap was 2,5 times larger), the Asia market was in third place (12,2 %). The main trading partners of Ukraine in services exports to EU countries are: Great Britain – 5,5 % of total exports in 2017 (air, rail, computer, information, professional and consulting services); Germany – 5,0 % (services for the processing of goods for the purpose of selling abroad, air transport, computer services, road transport), Poland – 2,8 % (services for the processing of goods for the purpose of selling abroad, automobile, air, sea and rail transport) and Cyprus – 2,6 % (rail transport services, computer services, trade related services, and intermediary services, other auxiliary and additional transport services, professional and consulting services). The main trading partners of Ukraine in the export of services among the EU countries: the UK – 5,5 % of total exports in 2017

(air, rail, computer, information, professional and consulting services); Germany – 5,0 % (services for the processing of goods for the purpose of sale abroad, air transport, computer services, road transport), Poland – 2,8 % (services for the processing of goods for the purpose of sale abroad, automobile, air, sea, railway transport) and Cyprus – 2,6 % (railway transport services, computer, trade related services, and intermediary services, other ancillary and additional transport services, professional and consulting). Among other countries, a significant share of Ukrainian services exports accounted for: the Russian Federation – 31,9 % (pipeline, rail, telecommunication, scientific and technical services, other auxiliary and additional transport services); USA – 7,9 % (computer services, air transport, information services, professional and consulting services related to financial activities); Switzerland – 7,1 % (services for the processing of goods for the purpose of selling abroad, computer services, maritime transport, other auxiliary and additional transport services); United Arab Emirates – 2,1 % (rail, air, sea transport services).

Building a forecast of the geographical prospects for country export potential development, it is advisable to refer to the methodology of the International Trade Center, based on the gravity model of foreign trade. According to this methodology, 75 markets were identified for Ukraine, the trade potential of which was not fully used by Ukrainian enterprises. The largest of them in 2015 were recognized markets of such countries as: the USA, Germany, Great Britain, France, Japan, Canada (Fig. 3.2).



**Fig. 3.2** Identification of the main “non-traded” markets as geographical prospects for Ukraine’s export potential development.

*Source:* Ministry of Economic Development and Trade of Ukraine [4, p. 12]

Of course, definition of so-called “non-traded” markets does not in any way motivate Ukraine to automatically renounce traditional partner countries. It only outlines new market opportunities for geographical diversifica-

tion of country's exports, informs about the potential of new international markets for Ukrainian products.

Continuing the research of export realities in Ukraine, after analyzing the geographical structure of exports, it makes sense to focus in more detail on its product structure. This structure in any country in the world is shaped by the influence of both international demand for relevant goods and services, and under the influence of the level and characteristics of national economy development.

According to International trade statistics [20], in 2017 the main global goods exports were exports of electrical machinery and equipment, sound recorders and reproducers, television image (14,4 % of total world exports of goods); machines, mechanical appliances, nuclear reactors, boilers and their parts (11,8 %); mineral fuels and oils, their distillation products, bituminous substances (11,3 %); vehicles, except railway or tram rolling stock (8,3 %); natural or cultured pearls, precious or semi-precious stones, precious metals (3,8 %); plastics and articles thereof (3,4 %). Then in Ukraine, the share of exports of electric machines and equipment, sound recorders and reproducers, television image was more than 2,4 times smaller than the world average and was 5,9 %; and the share of exports of machinery, mechanical appliances, nuclear reactors, boilers and their parts — 3,9 %, that is, in general, was more than 3 times less than the world average. The share of mineral fuels and oils, their distillation products, bituminous substances in Ukrainian exports was slightly higher than 1,8 %, and therefore less than the world level by 6,3 times; the share of plastics and articles made from it — 1,07 % (or 3,2 times less than the world average). The shares of vehicles other than railway or tram rolling stock and natural or cultured pearls, precious or semi-precious stones, precious metals in Ukrainian exports in general were less than 1 %, namely: 0,31 % and 0,24 %, respectively.

The main positions in goods exports of Ukraine in 2017, as in the previous four years, were exports of ferrous metals, cereals, animal or vegetable fats and oils, ore, as evidenced by indicators both dynamics of volumes and their export shares (Table 3.2). However, it should be noted that the volume and share of metallurgy products in Ukraine's goods exports now seems not as attractive as in 2013. This can be explained, firstly, by the fall in steel prices and, secondly, by the deterioration of economic relations with the Russian Federation, which was the largest importer of the industry's products.

More than 3 %, except for the aforementioned products, in the total exports of goods of Ukraine, according to the data of table 3.2, accounted for the shares of such commodity groups as: electric machines and equipment (almost 5,9 % in the total goods exports of Ukraine in 2017); oil seeds and oleaginous fruits; various grains, seeds and fruits (4,7 %); machines, mechanical appliances, nuclear reactors, boilers (3,9 %). All this indicates that the main exporters in Ukraine are now metallurgical enterprises, enterprises of the agro-industrial complex (AIC), food industry and machine building.



Taking into account the significant growth of the share of exports of goods and services to the EU countries (Table 3.1) and the European choice of development of our country, let us dwell in more detail on Ukrainian's goods exports to the EU. Moreover, de facto, free trade area with the EU has been operating for Ukrainian exporters for almost four years. Since the end of April 2014 the autonomous trade preferences of the European Union have started to open the EU market for Ukrainian goods under the same conditions as within the framework of an in-depth and comprehensive free trade zone. Note that the formally temporary application of section IV of the Association Agreement started only on January 1, 2016.

In 2017, according to the State Statistics Service of Ukraine [5, p. 19–20], Ukrainian exports of goods to the EU grew by 29,9 % compared with the previous year and reached USD 17,5 billion, which is even more than in 2012, when part of Ukraine has not been occupied yet. The growth rates of exports to the EU were more than twice higher than those in other countries of the world, and exports to the EU made a positive contribution to Ukraine's real GDP growth in 2017. All this resulted in the further growth of importance of the EU as an export direction for Ukrainian producers (including producers of certain goods).

It should be noted that over the years, the share of Ukrainian goods for which the EU is the so-called dominant market (that is, more than 75 % of the total export of this product goes there) is constantly increasing. The latter is due to a reduction in the share of goods with a low orientation on the EU market, that is, goods with an EU share in their exports of less than 25 % [6].

Note that in contrast to 2013, when raw materials, semi-finished products and processed products occupied almost identical shares in Ukraine's exports to the EU, in 2017, the share of raw materials and semi-finished products was 29 % and 27 % respectively, whereas share of processed products — 43 % (or USD 7,6 billion). The value of processed products exported to the EU also increased, but by 41 % compared with 2013. The tendencies of increasing the attractiveness of Ukrainian processed products for the EU market and its value are rather stable.

The dominant position in Ukrainian exports to the EU is the export of raw sunflower oil, which is a product of food industry and belongs to categories of "processed products" and "intermediate goods". The total share of intermediate goods (including sunflower oil) in goods exports of Ukraine to the EU fluctuated within 84–87 % during 2013–2017. At the same time, there was a tendency to increase a share of exports of consumption goods to the EU (Table 3.3). The growth rate of Ukrainian exports of consumption goods to the EU region amounted to 55 %, and their value in five years increased from USD 1,5 billion (2013) to USD 2,3 billion (2017), i. e. more than 1,5 times. At the same time, more than 2/3 of Ukrainian exports of consumption goods to the EU were industrial goods (Table 3.3), including semi-durable goods (shoes, clothes, toys) and durable goods (e. g. furniture, electric heating appliances).

**Table 3.2** Dynamics of values and shares of main product groups of Ukraine's exports during 2013 – 2017, %

Name of a product group	Years					Absolute deviation from the previous year				Absolute deviation 2017 from 2013
	2013	2014	2015	2016	2017	2014	2015	2016	2017	
1	2	3	4	5	6	7	8	9	10	11
<i>Value of goods exports, USD bn</i>										
Iron and steel	14,32	12,91	8,08	7,25	8,67	– 1,41	– 4,83	– 0,83	1,42	– 5,65
Cereals	6,37	6,54	6,06	6,07	6,50	0,17	– 0,48	0,01	0,43	0,13
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	3,51	3,82	3,30	3,96	4,61	0,31	– 0,52	0,66	0,65	1,1
Ores, slag and ash	3,92	3,47	2,22	1,95	2,74	– 0,45	– 1,25	– 0,27	0,79	– 1,18
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	3,13	2,68	1,98	2,08	2,55	– 0,45	– 0,7	0,1	0,47	– 0,58
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	2,05	1,69	1,48	1,53	2,06	– 0,36	– 0,21	0,05	0,53	0,01
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	3,84	2,98	1,96	1,56	1,69	– 0,86	– 1,02	– 0,4	0,13	– 2,15

Continuation of Table 3.2

1	2	3	4	5	6	7	8	9	10	11
<i>Share of the product group in the total goods exports of Ukraine, %</i>										
Iron and steel	22,61	23,94	21,19	19,93	19,96	1,33	− 2,75	− 1,26	0,03	− 2,65
Cereals	10,06	12,14	15,89	16,70	14,97	2,08	3,75	0,81	− 1,73	4,91
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	5,54	7,09	8,65	10,90	10,62	1,55	1,56	2,25	− 0,28	5,08
Ores, slag and ash	6,19	6,44	5,81	5,38	6,30	0,25	− 0,63	− 0,43	0,92	0,11
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	4,95	4,97	5,19	5,71	5,87	0,02	0,22	0,52	0,16	0,92
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	3,23	3,13	3,87	4,22	4,74	− 0,1	0,74	0,35	0,52	1,51
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	6,07	5,52	5,15	4,29	3,9	− 0,55	− 0,37	− 0,86	− 0,39	− 2,17

**Source:** Built and calculated by the authors according to International trade statistics [20]

At the same time, it should be noted that, like five years ago, the Top 8 exports of goods from Ukraine to the EU remain unchanged. These are:

- 1) maize — 8 % in exports to the EU in 2017 (export growth compared to 2016 was 39 %);
- 2) sunflower oil — 7 % (increase of 20 %);
- 3) sets of wires for spark plugs — 7 % (increase of 21 %);
- 4) semi-finished products of carbon steel — 5 % (increase of 45 %);
- 5) agglomerated iron ores and concentrates — 5 % (increase of 63 %);
- 6) rapeseed with low content of erucic acid — 4 % (increase of 101 %);
- 7) non-agglomerated iron ores and concentrates — 4 % (increase of 57 %);
- 8) cake and other solid waste from sunflower seeds — 2 % (increase of 13 %).

The above-mentioned Top-8 products account for more than 2/5 of Ukraine's commodity exports to the EU, which indicates a fairly high level of export concentration on a small number of commodity items. The latter, in its turn, hides the risks of Ukrainian exports sensitivity to fluctuations in world prices and/or changes in EU trade policy. For example, the introduction of the EU in the second half of 2017, the non-zero import duty on maize, will obviously affect the Ukrainian exports of this commodity, which is one of those for which the EU has tariff quotas.

Among the positive changes in Ukrainian goods exports to the EU, it should be noted, firstly, that there is a tendency towards a more even distribution of export shares between Top-8, which gradually reduces dependence on one or two goods; and secondly, the tendency to increase the number of commodity items exported to the EU: if in 2013 Ukraine supplied to the EU countries 75 % of total export items, then in 2017 — 81 % and this is due to the fact that the export commodity range of Ukraine also increased.

In 2017, around a hundred new Ukrainian goods, that are not supplied in the previous five years, were exported to the EU market for a total of USD 2.8 million. Among the new commodity deliveries, about 20 % took cream butter (which is a good example of success of efforts to adapt to the requirements of the EU on food safety), another 15 % were conveyors for underground work. Next on the list were ores and concentrates of rare metals, magnesium powder, snowmobiles, machinery for textile industry, and medicines containing antibiotics. About half of these products, in particular metal ores, magnesium and drugs in amount of USD 1,3 million, were supplied by Ukraine exclusively to the EU market [6]. This proves the ability of Ukrainian producers to compete in the market of the EU region and opens up new export prospects for the country.

Along with a comparative analysis of the structure of goods exports of Ukraine (including to EU countries) and the world as a whole, it makes sense to carry out a similar analysis of services exports. According to International trade statistics [20], the first position in global services exports is taken by tourism services, whose share during 2013–2017 % ranged from 24,02 % (2017) to 24,47 % (2016). Other business and transport services lagged slightly behind tourism services, whose shares were 21,63 % and 17,18 % in 2017, respectively.

**Table 3.3** Dynamics of the structure of goods exports to the EU by broad economic categories during 2013 – 2017, (%)

Name of a product group	Years					Absolute deviation from the previous year				Absolute deviation 2017 from 2013
	2013	2014	2015	2016	2017	2014	2015	2016	2017	
<b>Capital goods</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>-1</b>	<b>1</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
Capital goods (except transport equipment)	2	2	2	2	2	0	0	0	0	0
Industrial transport equipment	1	0	1	0	0	-1	1	-1	0	-1
<b>Consumption goods</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>4</b>
Food and beverages, primary	1	1	1	1	1	0	0	0	0	0
Food and beverages, processed	2	2	3	3	3	0	1	0	0	1
Non – industrial transport equipment	0	0	0	0	0	0	0	0	0	0
Durable goods	1	1	1	2	3	0	0	1	1	2
Semi – durable goods	4	5	5	5	5	1	0	0	0	1
Non – durable goods	1	1	1	1	1	0	0	0	0	0
<b>Intermediate goods</b>	<b>87</b>	<b>86</b>	<b>85</b>	<b>84</b>	<b>84</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>-3</b>
Food and beverages, primary	8	7	7	6	8	-1	0	-1	2	0
Food and beverages, processed	1	1	1	1	1	0	0	0	0	0
Primary goods, mainly for industry	23	21	20	17	19	-2	-1	-3	2	-4
Processed goods, mainly for industry	48	50	50	54	50	2	0	4	-4	2
Fuels and lubricants, primary	2	2	1	1	1	0	-1	0	0	-1
Fuels and lubricants, primary, processed	2	2	1	2	1	0	-1	1	-1	-1
Parts and accessories for capital goods (except transport equipment)	3	3	3	3	3	0	0	0	0	0
Parts and accessories for transport equipment	1	1	1	1	1	0	0	0	0	0
<b>Other goods</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>
Motor spirit	1	2	1	0	1	1	-1	-1	1	0
Passenger motor vehicles	0	0	0	0	0	0	0	0	0	0

*Source: Built and calculated by the authors according to International trade statistics [20]*

Less than 10 %, but also significant shares in exports of world services had telecommunication, computer and information services (9,78 % in 2017), financial services (8,58 %) and fees for the use of intellectual property (7,16 %).

In Ukraine, situation with the structure of services exports is somewhat different: first place belongs to transport services and telecommunication, computer and information services in recent years, starting from 2015 (Table 3.4). This is due to the fact that Ukraine is a country with a large transit potential, on the one hand, and on the other hand – a country that clearly understands the prospect of competitive advantages associated with information and computer services in the era of digitalization of various communication links, economic processes, etc.

According to International trade statistics [20], from the third to fifth position in services exports of Ukraine in 2015 – 2017, belonged to other business services, manufacturing services on physical inputs owned by others (so-called tolling raw materials) and travel services. It should be emphasized that export revenues from tourism significantly decreased after 2013, when the negative events associated with Russian expansion began and continue to occur in the country, which resulted in: illegal annexation of the Autonomous Republic of Crimea and Sevastopol, as well as armed capture by The Russian armed forces of the Ukrainian drilling rigs "Petro Godovannets" and "Ukraine" of Chornomornaftogaz, located in the territorial waters of Ukraine at the Odessa gas field; military invasion of Russian troops and seizure or destruction of them with the pro-Russian gangs of Ukrainian strategic objects, communal, transport, business, and others infrastructure in Donetsk and Luhansk oblasts in the East of Ukraine; in fact, the pirate actions of Russia's warships in the Kerch Strait on November 25, 2018, which were condemned by the international community and conditioned NATO's appeal to Russia to ensure unhindered access to the Ukrainian ports of the Azov Sea in accordance with international law [17], etc., i. e., events that directly or indirectly affected and affect the temporary loss of a number of tourist destinations by Ukraine, increased the risk of tourists staying in certain cities and other settlements of Ukraine, and limit Ukraine's access to maritime traffic.

Consequently, today the growth of values of services exports of Ukraine is mainly due to the rapid development of information and communication technologies sector in the country, as well as provision of transport services. The tourism exports potential of the country is far from being fully used, and therefore, in the future, improvement of its use can be defined as one of the key targets for implementing the strategy of development of Ukrainian services exports and nation branding.

**Table 3.4** Dynamics of values and shares of Top-5 service groups of Ukraine's exports during 2013 – 2017, %

Name of service group	Years					Absolute deviation from the previous year				Absolute deviation 2017 from 2013
	2013	2014	2015	2016	2017	2014	2015	2016	2017	
Value of services exports, USD bn										
Transport	8,48	6,23	5,32	5,35	5,88	− 2,25	− 0,91	0,03	0,53	− 2,6
Telecommunications, computer, and information services	1,78	2,04	2,11	2,31	2,76	0,26	0,07	0,2	0,45	0,98
Other business services	3,24	2,50	1,81	1,64	1,96	− 0,74	− 0,69	− 0,17	0,32	− 1,28
Manufacturing services on physical inputs owned by others	1,95	1,28	1,08	1,13	1,39	− 0,67	− 0,2	0,05	0,26	− 0,56
Travel	5,08	1,61	1,08	1,08	1,26	− 3,47	− 0,53	0,00	0,18	− 3,82
Share of the service group in the total services exports of Ukraine, %										
Transport	37,51	41,87	42,77	42,97	41,73	4,36	0,90	0,20	− 1,24	4,22
Telecommunications, computer, and information services	7,87	13,71	16,96	18,55	19,59	5,84	3,25	1,59	1,04	11,72
Other business services	14,33	16,80	14,55	13,17	13,91	2,47	− 2,25	− 1,38	0,74	− 0,42
Manufacturing services on physical inputs owned by others	8,62	8,60	8,68	9,08	9,87	− 0,02	0,08	0,40	0,79	1,25
Travel	22,47	10,82	8,68	8,67	8,94	− 11,65	− 2,14	− 0,01	0,27	− 13,53

**Source:** Built and calculated by the authors according to *International trade statistics [20]*

The above-mentioned directions, taking into account external market opportunities and threats, must definitely be taken into account in the process of implementation of export strategy of Ukraine, presented on March 28, 2017 by the Ministry of Economic Development and Trade of Ukraine. The basis for this strategy is the following vision: knowledge-intensive and innovative exports for sustainable development and success on world markets and planned achievement of three targets [4, p. 5]:

- 1) creation of favorable conditions that stimulate trade and innovation for exports diversification;

- 2) development of business and trade support services that can increase the competitiveness of enterprises, in particular small and medium-sized enterprises (SMEs);

- 3) strengthening the skills and competences of enterprises, in particular SMEs, to participate in international trade.

The selection of sectors promising for the export strategy of Ukraine was carried out by combining such quantitative and qualitative criteria [4, p. 12–13]: sectors capable of promoting innovation, modernization and creation of high added value; sectors with potential for SMEs development; sectors with high demand in world markets. In addition to the above criteria, sectors potential for trade development in general and ability to indirectly provide a positive impact on other economy sectors were taken into during selection of promising sectors. As a result, seven sectors were selected, namely:

- 1) the food industry sector, which includes food ingredients, finished food products and organic products, and has a huge resource base, human capital and well-established production and work experience;

- 2) the information and communication technology sector (ICT), which is represented mainly by software development centers, as well as research and development institutes (R&D);

- 3) the aircraft maintenance and repair sector, represented by several enterprises, in particular, at the main airports in the country;

- 4) the sector of production of spare parts and components for aerospace and aviation industry, which is a consolidated sector that produces aircraft, as well as parts and accessories for them;

- 5) the mechanical engineering sector, consisting predominantly of general engineering;

- 6) the creative services sector represented by advertising and PR, crafts, design, film industry, fashion industry, publishing, visual and other arts;

- 7) the tourism sector, which has a special potential in Ukraine for such types of tourism as: eco-tourism, extreme, cultural, business (MICE) and educational.

The following institutions were included in the institutions responsible for implementing the export strategy of Ukraine during 2017–2021: the



Ministry of Economic Development and Trade of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Education and Science of Ukraine, the State Fiscal Service of Ukraine, the Ministry of Infrastructure of Ukraine, the Ministry of Foreign Affairs, the Ministry of Social Policy of Ukraine, industry and business associations, as well as local authorities.

We think that the export strategy of Ukraine will contribute to popularization of the nation brand through Ukrainian goods and services, increase nation branding effectiveness, as a result, improve Ukraine's position in international ratings.

### **3.2 Ukraine's export brand: approaches to development and a place in international rankings**

One of the key tasks of any country's export strategy is its export brand formation and promotion on the international markets, which will help buyers worldwide to better recognize the products (goods and services) in this country. At the same time, export brand development allows it to combine different products and/or services in a variety and type with a single visual concept and stylistics. As a result, so-called synergistic effect is manifested through an additional visual link between different industries and sectors of national economy.

The results of the study of international practice in export brands development, suggest that there are currently three approaches to this process:

1) when national companies and enterprises independently (mainly with participation of professional marketing or advertising agencies) develop their own brand and brand for their products with which they will export it (them) to other countries of the world and with which the international consumer will associate not only his company/enterprise, but also the country of origin of the product (s);

2) when specialized international organizations (such as the International Trade Center (ITC), can be involved in export brand development; messages about relevant services can be found at the following link:

3) when export brand development is carried out with support and/or direct participation of government agencies with or without international organizations involvement and is aimed at creating a unique nation export brand whose background content can be easily transformed depending on the industry/sector of the economy, goods/services, seeking to enter to foreign markets and to compete there with dignity.

The first approach is common in countries with developed economy, where the name of the country of origin on the product label, bought in other countries of the world, is already perceived as part of the brand. In this case, the manufacturing company is trying in a certain way to stand out

among other competitors with whom it has a common country of origin, and to form a steady positive association with its products in the minds of consumers. In practice, it is especially easy for those companies that have a long history of formation and development, specific product advantages, have been supplying their products to different countries of the world for many years, etc. However, advantages of country brand also work in the case of a company that is not well-known in the world.

The third approach, which provides support for export brand development at the state level, is especially important in those countries where the share of small and medium-sized businesses is prevalent in economy (such as in Ukraine) and/or quite a lot of domestic producers and entrepreneurs simply do not have enough funds to independently develop a successful brand to ensure effective promotion of their products to foreign markets.

Depending on the situation, any country and any manufacturing company may resort to the second approach. In fact, under certain circumstances, this approach is one of the alternatives for implementing the first or third of the above approaches for export brand development.

It should be emphasized that in all three described approaches, those who develop an export brand consider marketing and branding as two sides of the same coin that in their totality must effectively position the goods/services of national producers for the end consumer in the markets of other countries of the world (Fig. 3.3).



**Fig. 3.3** The relationship between marketing and branding of exported goods and services.

*Source: International Trade Center [8, p. 12]*

The technology of effective export branding, in our opinion, should be based on the following postulates:

- in the minds of consumers from different parts of the world, the concept “export brand” should immediately automatically include at

least two points of identification of the origin of exports: geographical (goods/services producing country) and industrial (sector of the economy);

- a product that has a country export brand should cause only positive associations in its quality characteristics;
- introducing of goods/services under the country export brand to foreign markets should include not only implementation of the strategy of active promotion and recognition of these goods/services in the world, but also contribute implementation of a nationwide strategy of building loyalty to goods and services exported from the country;
- an export brand – the core of export communication that each country conducts with the world, having several target audiences: investors, buyers, retailers, manufacturers, consumers, governments of other countries.

We hope that all of the above-mentioned postulates will be taken into account by Ukraine in the process of its export strategy implementation. It should be noted that the first step on this path has already been made: on September 18, 2018, the Ministry of Economic Development and Trade of Ukraine presented the Ukrainian export brand, which will be used for marking and promotion of Ukrainian exports. The international presentation of the first Ukrainian export brand was held in Shanghai (China) at the exhibition "China International Import Expo 2018", which took place on November 5–10, 2018 (Fig. 3.4, *a*). The export brand slogan was the phrase "Trade with Ukraine", which can and will be transformed into sub-slogans such as: "Create with Ukraine", "Innovate with Ukraine", etc., depending on the industry of production of exported goods/services (Fig. 3.4, *b*).

Now Ukrainian exporters will present Ukraine in the world identically, providing [10]:

- unified visual branding of Ukrainian exporting producers at international EXPO and industry exhibitions;
- consistent communication of the main messages of the export brand and characteristics of Ukrainian goods through marketing and advertising materials;
- systematic information about the opportunities and competitive advantages of export-oriented industries in Ukraine.

The export brand is part of the project "Consolidation of SME export potential and facilitation of access to foreign markets", which is being implemented by the Export Promotion Office commissioned by the European Bank for Reconstruction and Development under the EU4Business Programme. Expenditure on Ukrainian export brand development amounted to about EUR 50 thousand, which were financed by the EBRD under the EU4Business Programme. New nation brand "Ukraine NOW" was a basis

for export brand development according to the state policy to create a stable emotional and visual link between various industries and sectors. And now these two brands have a common theme, but the practical tasks of the export brand are primarily related to foreign trade.



*a*



*b*

**Fig. 3.4** Ukraine's export brand: *a* – presentation of the brand in Shanghai (China);  
*b* – the slogan and sub-slogans of the brand.

**Source:** Formed by the authors using a photo in online resources

with free access: <https://images.search.yahoo.com/search/images?p=China+International+Import+Expo+2018+picture#id=28&action/> and <https://delo.ua/economyandpoliticsinukraine/eksportnyj-brend-ukrainy-346354>

UkraineNow is a nationwide country brand that forms the perception of Ukraine and Ukrainians in the world and positions Ukraine through communicating messages about national values, quality of life, investment opportunities, culture, tourism, export potential, government policy, etc. Then, as Ukraine's export brand presents the country as a profitable trading partner selling quality, authentic, innovative and creative products. In other words, the export brand is one of the key pillars of the nation brand, to which a number of practical requirements are put forward due to external orientation of demand drivers (growth) of Ukraine (Table 3.5).

**Table 3.5** Demand drivers in a sample of different countries of the world, 2017 – 2018

Country/group of countries	Aggregate supply	Demand drivers			Relative strength
		Fiscal	Private	External	
External demand – the main driver					
United Kingdom	1,7	−0,5	0,1	2,1	***
<b>Group of countries with economies in transition</b> (Georgia, Kazakhstan, Ukraine <sup>1</sup> )	<b>6,6</b>	<b>0,8</b>	<b>0,8</b>	<b>5,1</b>	<b>***</b>
Countries of North Africa (Algeria, Egypt, Libya, Morocco, Tunisia)	6,9	0,6	1,0	5,4	***
Group of East Asian countries (DPRK, Hong Kong (China), Malaysia, Mongolia, Singapore)	3,9	0,6	0,4	2,9	***
Japan	1,5	−0,9	0,8	1,6	***
Germany	2,3	−0,1	0,9	1,5	**
Italy	2,0	−0,2	0,8	1,4	**
France	2,2	0,4	0,7	1,1	**
Turkey	6,4	1,4	2,3	2,9	*
India	7,4	1,5	2,9	3,2	*
Private demand – the main driver					
Group of South American countries (Chile, Colombia, Ecuador, Peru)	0,2	−0,5	1,2	−0,5	***
Argentina	4,5	0,3	3,0	1,2	***
Canada	2,5	0,7	1,6	0,2	***
USA	2,7	0,7	1,2	0,8	**
Australia	2,7	1,0	1,3	0,5	**
Brazil	1,8	−1,0	1,5	1,3	*
China	6,6	1,9	2,5	2,4	*
Government demand (fiscal charges) – the main driver					
Group of Sub – Saharan Africa countries	3,0	2,3	0,1	0,6	***
Saudi Arabia	0,2	2,6	−3,5	1,0	***
South Africa	1,4	0,7	0,5	0,2	**

<sup>1</sup> Ukraine fell into the category of those countries that had strong external demand drivers in 2017–2018, i. e., country growth rate depends on exports, imports and taxes, as well as savings and imports rates.

**Source:** Compiled according to the UNCTAD [19, p. 14]

To above-mentioned export branding requirements in the framework of national export strategy of Ukraine in 2017–2021 the following were attributed:

- the export brand must provide for an extremely high level of adaptability to the industry and goods;
- the export brand must work for branding of all types of exhibition areas: from the largest and most expensive national pavilions to the smallest exhibition stands of individual producers;
- the export brand must eventually be transformed into a national quality award Made in Ukraine (as, for example, this happened a long time ago in Japan, the United Kingdom and several other countries of the world).

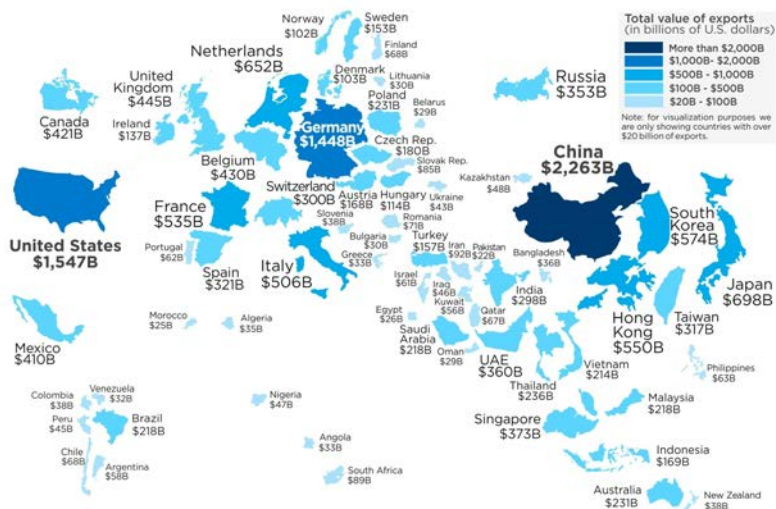
Of course, national goods and services were successfully exported to different countries before Ukraine's export brand creation. Therefore, a certain image of the country export brand has already formed on the international scene.

Estimates and ratings of Ukraine's export potential, which influence the its nation brand strength, are certainly worth to consider in comparison with other countries of the world in order to have a clear idea of both the strengths of their own export brand and the weaknesses caused by the presence of certain problems. Identifying these problems and then taking measures to solve them is the important strategic task. As these problems hinder the effective implementation of export branding and, as a result, negatively affect the results of nation branding as a whole.

Evaluation of export potential is carried out, first of all, in terms of export value and its structure. It should be noted that, Ukraine was included in the list of TOP exporters of the world in 2017 according to the World Trade Organization (WTO) (Fig. 3.5). However, the key positions in this rating were taken by such countries as; China (USD 2263 billion); the United States (USD 1547 billion); Germany (USD 1448 billion); Japan (USD 698 billion); Netherlands (USD 652 billion); South Korea (USD 574 billion); Hong Kong (USD 550 billion); France (USD 535 billion); Italy (USD 506 billion) and the United Kingdom (USD 445 billion).

The map in Fig. 3.5 clearly shows that today the international market is dominated by three countries — China, the United States and Germany. All other countries (especially countries with external demand drivers, to which Ukraine also belongs according to the data of Table 3.5), must look for sources to improve their export position.

Various tools suitable for search of geographic and product areas for improving country export position can be used. The "Export Potential Map" of International Trade Center (ITC) can be used as such a tool. It allows us not only to compare geographical and product structure of the world's exports but also helps to calculate the untapped export potential automatically (Fig. 3.6).



**Fig. 3.5** Visualization map of TOP-exporters of the world in 2017 according to the WTO.

*Source: howmuch.net [21]*

Ukraine's ranks by the export component of The Digital Country Index of the company "Bloom Consulting" in 2017/2018 was 21st among 49 European countries and 60th among 243 countries of the world [9]. The latter can be attributed to the positive standings in nation export branding results.

At the same time, trying to identify problems that prevent Ukraine and other countries in the world from fully using their export potential, it makes sense, for example, to refer to the "Global Enabling Trade Report 2016", which was prepared and published by the World Economic Forum, in partnership with the Global Alliance for Trade Facilitation. Using the data of the above-mentioned report, we will define and conduct a comparative analysis of the most problematic factors for Ukraine's exports and a number of other countries of the world (Table 3.6).

The most problematic factor for exports is identifying potential markets and buyers for most countries from the studied sample, as shown in the Table 3.6. But the most problematic factors for China and the United States – the largest exporters of the world – are technical requirements and standards abroad and tariff barriers abroad, respectively. In the second place of importance in three of the nine studied countries there is a factor of technical requirements and standards abroad, and in two studied countries – access to imported inputs at competitive prices. In Ukraine, in the second place in the list of the most problematic factors for export, there are difficulties in meeting quality/quantity requirements of buyers.



**Fig. 3.6** An example of determining the export potential of Ukraine in a geographical context for all product groups with positioning on the Polish market  
**Source:** ITC in real time, December 28, 2018 [16]

**Table 3.6** Comparison of the most problematic factors for exports in a sample of countries of the world

Problematic factors	Countries*								
	Ukraine	Armenia	Moldova	Lithuania	Georgia	Poland	China	USA	France
1	2	3	4	5	6	7	8	9	10
Identifying potential markets and buyers	16,7	16,4	17,2	15,6	19,8	24,0	11,8	12,4	17,0
Difficulties in meeting quality / quantity requirements of buyers	11,3	10,9	14,3	9,5	10,5	9,8	6,7	4,7	5,0
Access to trade finance	11,3	9,5	8,2	9,8	11,8	9,4	8,6	4,4	9,3
Technical requirements and standards abroad	9,8	8,0	14,7	12,7	16,1	11,1	13,4	8,0	8,0
In-appropriate production technology and skills	8,8	12,5	10,5	8,1	18,5	4,0	7,9	4,5	5,8



Continuation of Table 3.6

1	2	3	4	5	6	7	8	9	10
Access to imported inputs at competitive prices	<b>8,5</b>	15,3	10,8	9,8	8,7	5,9	9,2	8,1	13,1
High cost or delays caused by domestic transportation	<b>7,5</b>	2,6	2,4	3,5	1,0	2,4	5,8	5,9	4,3
Burdensome procedures at foreign borders	<b>7,3</b>	4,9	3,4	6,6	3,9	9,1	10,6	12,8	10,6
High cost or delays caused by international transportation	<b>5,7</b>	12,0	4,8	4,7	3,3	5,5	8,2	10,3	6,2
Tariff barriers abroad	<b>5,5</b>	2,6	6,9	7,1	1,0	5,4	9,8	13,1	9,9
Rules of origin requirements abroad	<b>4,3</b>	1,4	3,2	7,6	3,3	9,5	4,9	8,9	7,4
Corruption at foreign borders	<b>3,3</b>	4,1	3,5	5,0	2,1	3,8	3,0	6,9	3,4

\* *Weighted marks of the ranking of the most problematic factors. Cells corresponding to the most problematic factor are highlighted in blue; cells corresponding to the second most significant problematic factor are highlighted in light gray.*

*Source: developed by the authors according to the World Economic Forum [18]*

So, the export brand of Ukraine, presented in autumn 2018, regardless of the willingness or unwillingness of its developers, if not fully, then partially absorbed all the export achievements of our country and the problems of the previous time periods. Trying to provide a new better position of Ukraine's export brand on the international scene, the country needs, first of all, to take concrete steps towards creating an exclusively positive perception of the "Made in Ukraine" sign and expansion of geographical

boundaries and values of Ukrainian exports. In order for this perception to be sustainable, Ukraine should promote and support development of enterprises and companies that produce or provide quality goods and services both within the country and abroad.

### **3.3 The most expensive brands of Ukraine and "Made in Ukraine" brand protection policy**

The development of both nation and export brands, if not directly, then indirectly, is always associated with the formation of brands of companies/enterprises and their products/services. At the same time, the more famous and profitable the company becomes, the more expensive its brand becomes.

The results of the analysis of the structure of exports from different countries of the world make it possible to immediately understand that developed countries receive substantial income, as a rule, not from the export of natural resources, but from the export of produced goods, which as a result of reasonable marketing are sold as brands. For example, Italy sells Gucci, Ferrari and Pasta; Switzerland — Swatch, Victorinox and Credit Suisse; France — Dior, Lois Vuitton and Camambert, etc.

It should also be emphasized that international practical experience has long confirmed the following assumptions:

- increasing the attractiveness level of a country brand has a positive effect on the attractiveness level of its companies and products, that they produce under the nation brand, extending to those who are trying to use it in their own interests;
- the growth in the number of strong company brands of a particular country and their successful promotion on the international market leads to the strengthening of the position of the nation brand of this country;
- there is a so-called "poverty trap", which may not allow the whole country to fully realize its export potential (remaining a raw materials appendage), while a company from a country that has a strong brand will constantly increase its revenues, actually earning them from goods exporting the above country.

As examples of the validity of these assumptions, it is advisable to mention the historical facts related to Singapore's brand formation, the government of which put a lot of effort into creating and developing the infrastructure necessary to support the positioning of the country and its highly qualified, unique manufacturers. Another example could be Japan, whose products in the 50s of the twentieth century were not in great demand, and already in the 1980s, the "Dixon's" (British network of household electrical appliance stores) launched the

production of goods under the Matsui brand, following the products of the concern "Mitsui" and successfully using the popular brand of Japanese technology. As an example, which confirms the last assumption, it is possible to cite the situation with the American company "Starbucks", which receives profits from the coffee sale, and Brazil – a country exporting coffee, cacao, tobacco, and sugar.

At the same time, it must be remembered that the use of a country brand by national corporations can increase the incomes not only of the companies themselves, but also with the help of taxes, replenish the state treasury and ensure the targeted effectiveness of nation (including export) branding.

Taking into account all the above and the subject of our research, it is appropriate to focus on the definition of the most expensive brands in Ukraine (Table 3.7). Note, that HB & MPP Consulting identified and ranked the 100 most expensive brands in Ukraine, information about which can be easily found on the Internet. The overall results of this ranking were presented in the fall of 2017.

**Table 3.7** TOP-50 the most expensive brands of Ukraine under the version of HB and MRR Consulting

Rank	Brand	Industry	Value, USD mn
1	2	3	4
1	Morshinska	Beer and non-alcoholic industry	507,0
2	Sandora	Beer and non-alcoholic industry	312,0
3	Roshen	Confectionary	274,0
4	Nemiroff	Alcohol	255,0
5	Nova Poshta	Logistics, postal services	218,0
6	Privatbank	Financial service	211,0
7	Khortytza	Alcohol	203,0
8	Rozetka	Retail	179,0
9	Kyivstar	Telecommunication	168,0
10	Obolon	Beer and non-alcoholic industry	162,0
11	Oleyna	Foods	137,0
12	Nasha Ryaba	Foods	133,0
13	Chernigivske	Beer and non-alcoholic industry	129,0
14	ATB	Retail	128,0
15	Korona	Confectionary	122,0
16	Khlibnyi Dar	Alcohol	115,0
17	Lifecell	Telecommunication	99,0

Continuation of Table 3.7

1	2	3	4
18	Torchin	Foods	98,0
19	Silpo 91	Retail	93,0
20	Myrgorodska	Beer and non-alcoholic industry	91,0
21	Epicentr	DIY	85,0
22	OKKO	Fuel and Energy	84,0
23	Chumak	Foods	78,0
24	Sadochok	Beer and non-alcoholic industry	70,0
25	Gala	Household chemicals	65,0
26	Nash Sik	Beer and non-alcoholic industry	64,5
27	Yagotynske	Dairy production	64,0
28	Fora	Retail	57,5
29	Slovyanochka	Dairy production	47,7
30	WOG	Energy	47,0
31	Zhivchik	Beer and non-alcoholic industry	45,4
32	Lux	Foods	44,2
33	Lubimov	Confectionary	42,9
34	Bila Liniya	Dairy production	39,5
35	Svitoch	Confectionary	36,9
36	Jaffa	Beer and non-alcoholic industry	34,0
37	Citrus	Retail	33,7
38	Mivina	Foods	32,3
39	Meest Express	Logistics	31,2
40	Prime	Alcohol	30,1
41	Koblevo	Alcohol	29,5
42	Tulchinka	Dairy production	28,8
43	Foxtrot	Retail	28,0
44	Morosha	Alcohol	27,6
45	EKO Market	Retail	26,0
46	AVK	Confectionary	24,8
47	Bukovel	Tourism	24,1
48	Allo	Retail	24,0
49	Veres	Foods	23,9
50	Gavrylivski Kourchata	Agro-industrial complex	22,5

Source: HB & MPP Consulting [7]

According to the data of the Table 3.7, the biggest numbers of the most expensive Ukrainian brands are in various branches of food industry, agroindustrial complex, telecommunications, retail trade and logistics. This, in particular, explains certain key positions in the commodity structure of Ukraine's exports.

Of course, the value of the most expensive brands of Ukraine in times loses to the world's most expensive brands, for which the USA is the home country (Table 3.8). Among the most famous Ukrainian brands in the world now, only a few can be distinguished (in particular, Nemiroff and Roshen). But the fact that in the country, even in geopolitically and economically difficult times, there are operating and developing companies, that can adequately present a nation brand on the international scene, is a very good signal in terms of strategic prospects for nation branding.

**Table 3.8** TOP-5 the most expensive brands of the world in 2018

Rank	Brand	Industry	Value, USD bn	Change in brand value, in comparison with 2017, %
1	Apple	IT	214,5	+ 16
2	Google	IT	155,5	+ 10
3	Amazon	Retail	100,8	+ 56
4	Microsoft	IT	92,7	+ 16
5	Coca-Cola	Beverages	66,3	– 5

*Source: compiled by the authors according to the InterBrand [15]*

It is also positive that, as already mentioned, Ukraine exports its products to more than 200 countries of the world. Geography of goods distribution with the sign "Made in Ukraine" today actually covers the countries of all continents (Fig. 3.7).

The strength of the Ukrainian nation is the fact that talented people, able to think creatively and implement their even the most daring ideas in life, despite any obstacles, were born in its land at all times. Such Ukrainian prominent figures are among them: **Sergei Korolev** is a designer of rocket and space technology; **Igor Sikorsky** is a Kiev aircraft designer who emigrated to the United States but is a well-known inventor of the helicopter; **Nikolai Pirogov** is the founder of military field surgery, who began using anesthesia during surgery and applied a plaster bandage for the first time in the history of world medicine; **Vladimir Havkin**, who created the first in the history of a vaccine against plague and cholera; **Yuri Voronyi**, who carried out the world's first kidney transplant, and was well ahead of the development of transplantology; **Peter Bobonich** is the inventor of a glucose meter in the form of a wristwatch and many more.



**Fig. 3.7** Geographic diversification of commodity exports with the sign "Made in Ukraine".

*Source: photo from the online resource available at the link:  
<https://images.search.yahoo.com>*

Therefore, it is not surprising that new generations of Ukrainian are now actively involved in the development of high-tech products with high added value and are promoting it to the market with the sign "Made in Ukraine". Among recent internationally known Ukrainian startups of recent years, in particular, were the following [14]:

- wooden mechanical puzzles "Ugears" is a project of a Ukrainian company for the development of wooden plywood constructors that can move with shingles, hinges, reducers and even mechanical motors, which formed the basis of further production of 3-D puzzles and are now being exported. Puzzles "Ugears" (Fig. 3.8) are used both for the development of child thinking, and for decorating the house, etc.;



**Fig. 3.8.** Mechanical puzzles "Ugears" as an example of a new generation of "Made in Ukraine" products.

*Source: photo from the online resource available at the link:  
<https://images.search.yahoo.com>*

- refrigerating equipment “Iceberg”, the uniqueness of which is the maximum customization of refrigerated showcases, which involves author’s design development for each individual project. Nowadays, the Odesa enterprise “Iceberg”, which manufactures this equipment, sells it to 20 countries of the world, including 10 EU countries;
- ceramic heating panels “Hybrid”, that combine convection and infrared heating methods and can save up to 30 % of electricity and are the safest among all other electric heating devices. The development of these panels in 2010 was the starting point for the creation of the company “HYBRO Technologies”, whose current annual turnover exceeds UAH 7 million;
- sports helicopters “Scout”, which are developed and produced by the Scientific and Technical Complex “Horizon”. Today these helicopters are sold worldwide, and their profitability is 30 %;
- smart home from “LINK LINE”, which includes the production of various so-called “smart” devices, applications and cloud service. The development appeared on the market in 2017 and has applications from foreign partners of the company “LINK LINE” for delivery. The cost of goods of the company varies from USD 30 to USD 360. The most expensive is a smart heater that has a built-in thermostat with temperature and humidity sensors and can be controlled by voice, as well as via Wi-Fi or Bluetooth.

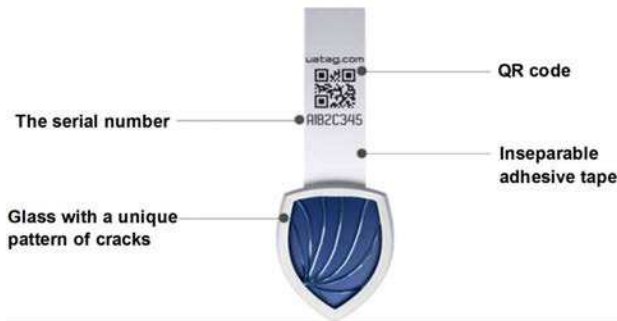
Any successful innovations of manufacturers enable their country to gain additional competitive advantages on the international scene. At the same time, with the advent of benefits, there are certain risks (fakes creation and distribution, etc.). Therefore, producing innovative products and services that are in demand on the international market, Ukraine must pursue a well-considered policy to protect the brand “Made in Ukraine”. For this purpose in Ukraine there is a Law “On the Protection of Rights to Marks for Goods and Services”. In addition to legal protection within Ukraine, if necessary, you can protect your brand by registering it under the international procedure in the countries where the Ukrainian company intends to work.

At the same time, the adoption of laws is far from always able to protect against falsification. The world market today is full of fakes. The power of falsifiers has grown to such an extent that the period between product release on the market and counterfeit appearance has decreased to a minimum: there are cases where the original and fake go to the market simultaneously. According to the International Chamber of Commerce, revenue from counterfeiting in 2016 amounted to USD 650 billion (or 5–8 % of the world trade turnover) [13].

In connection with the above, the Ukrainian startup “UATAG”, which offered to protect branded goods with a broken glass pattern in conjunction with the blockchain technology (Fig. 3.9), is very relevant.

The principle of UATAG technology is very simple: the plate of transparent glass is struck so that cracks are formed, and after that a glass pattern is photographed and assigned a unique serial number and QR code. Photos are added to a protected database that works on blockchain, which supports a constantly growing list of records and is also protected against tampering and processing. The finished invention has the form of a glass shield with cracks, which can be attached to the product with an inseparable tape.

Thus, the UATAG system of two-level protection is based on the uniqueness of cracks in the glass (physical protection) and blockchain technology (digital protection). It is designed to provide and confirm the authenticity of all types of branded products in various industries worldwide, including: clothing, footwear, accessories, jewelry, toys, perfumes, cosmetics, medicines, electronics, food, alcohol, paintings and works of art, agrochemicals, auto parts and things like that. This method of protection of goods is in demand among global manufacturers who are interested in combating counterfeit trafficking and buyers who are looking for real brands, including with the sign "Made in Ukraine".



**Fig. 3.9** UATAG innovative technology for brand products protection, developed by Ukrainian scientists

*Source: photo from the online resource available at the link:  
<https://www.imena.ua/blog/uatag-talks>*

In conclusion, we note that the gradual transition of Ukraine to an innovative and knowledge-intensive economy should ensure an increase in its competitiveness. Results of the country's export strategy, including export branding, will improve if in the future geographic and product diversification of the Ukrainian export basket occurs. Markets, not fully exploited today by Ukraine (especially of such countries as China, USA, Germany, etc.), can open up new opportunities for both economic growth and popularization of a nation brand. Additional prospects for Ukraine are



also associated with IT services exports expansion and Ukrainian goods promotion with the brand "Made in Ukraine" to countries in which it has been little or not known at all.

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## **Chapter 4**

# **Theoretical foundations of brand formation**

### **4.1 Branding in the tourism business**

The transformation of the market environment, socio-economic changes, increased competition, the variability of consumers' interests and preferences are forcing domestic enterprises to develop the latest technologies, one of which is branding. Nowadays in Ukraine the necessary prerequisites for effective branding formation have been created, which is successfully implemented in practice.

Ukraine's cooperation with international organizations provides for an increasing role of branding in terms of intellectual property, protection of ideas and their effective implementation at the international level. Domestic enterprises try to apply branding more actively every year. There are trends to increase the number of trademarks, the share of Ukrainian brands and the intensification of their advertising support.

As a result of the analysis of the scientific literature, certain aspects regarding branding are highlighted. Such domestic scientists as I. Rozhkov, O. Teletov, S. Matusyak, O. Yanchyk and O. Matsenko, as well as foreign scholars J. Rendel, I. Muti and others, reveal most of all, the essence of branding and its key characteristics.

According to I. Rozhkov's definition, branding is a long-term product development activity based on the general enhanced impact on the consumer of the trademark, packaging, advertising appeals, materials and sales promotion promotional events, and other elements of advertising activity, united by a certain idea and characteristic unified design [48].

According to O. Teletov, branding is activities aimed at creating the long-term advantage of a product, which is based on the influence on the consumer of such a complex of elements as a trademark, packaging, advertising, sales promotion materials, united by a certain idea and the same type design that distinguishes the product among competitors and create its image [53].

According to S. Matusyak, branding is a process of brand creation and management [37]; O. Yancyk and O. Matsenko have determined that

branding and its organizational and functional implementation is a brand management, which consists in the allocation of individual brands into independent marketing objects, a commonly used tool for promoting products to the market [64].

The most acceptable, in our opinion, is the definition of O. Nazaikin, according to which branding is a process of creating and developing a brand, the main means of product differentiation, a tool for promoting products and services on the market, and establishing long-term communication with consumers based on consumer-relevant values, put into the brand [42].

Transformation in the theory of branding exacerbates the need for a scientific search aimed at creating theoretic and applied approaches to branding in the activities of tourism enterprises. From these positions, the systematic approach forms the practical and methodological basis for scientific research. Solving the problem of tourism enterprises strategic development is possible only with competitive tourism potential creation. At the same time, tourism enterprises need to take into account a number of key factors that influence the effectiveness of branding in the enterprises strategic development, namely, those that involve the study of the external and internal environment, the relationship with consumers, competitive struggle strength and activity.

For the successful functioning and development of a tourism enterprise, certain elements of tourism enterprise branding should be developed (Table 4.1).

**Table 4.1** Branding of a tourism enterprise

Tourism brand creation	Tourism brand management
Marketing research of a tourist market	Control over brand promoting process of a tourism industry enterprise
Analysis of the needs of consumers of tourist services	Motivating the staff of a tourism enterprise with the help of material and moral incentives for quality activities
Formation of the mission of a tourism industry enterprise	Coordination of the processes of interaction between the internal and external environment of a tourist industry enterprise (that is, coordination of employees' activities with external enterprises — advertising specialists, PR specialists, salespeople, etc.)
Brand attribute development	Information support of the branding subjects, i. e. participants of a brand creating process and tourism services consumers
Brand features and benefits determination	Modeling the existing effects of brand interaction with the environment
Use of marketing communications to promote a brand	Legal brand protection against unfair competition

*Source: own design*

The tourism sector, whose services are aimed at the qualitative satisfaction of the individual needs of consumers, is one of the indicators of population welfare and provides significant revenues to the state budget. For the strategic development of a tourist enterprise in a competitive environment, it is necessary to form an organizational and economic mechanism based on a systematic study of the tourist market and a study of consumer needs. This requires a detailed branding analysis in the activities of tourist enterprises, adapted to the problems of Ukraine's economy development and its transformation in market conditions.

It is determined that branding in the activity of tourism enterprises is formed taking into account the external environment, the aggregate of internal factors and the total potential of tourist enterprises, as well as their interdependence.

Modern branding is carried out with the help of certain techniques and methods that can bring the developed brand to the consumer, and not only to form the image of the enterprise in his mind, but also to provide assist in the perception of the consumer of the functional and emotional elements of produced products or services. Branding helps the consumer to speed up their choices and make a purchasing decision [25].

If a travel company owns a well-known brand, its reputation may be several times higher than the net book value. Wanting to enter a new market, travel companies often buy ready-made brands. By making such a solution, they receive additional guaranteed income from sales of products or services compared to unfamiliar brands, which usually offer sales at prohibitively high prices. Brand buyers can be represented as two groups: this brand supporters and casual buyers. Brand owners are constantly working to expand both of these customer contingents.

In our opinion, branding in the tourism enterprises activities is:

- an integrated set of methods and activities aimed at the development and promotion of tourism services;
- activities on the formation of long-term competitive advantage of the enterprise;
- increased impact on a certain segment of consumers;
- brand promotion as a competitive and integral element of a tourist enterprise in modern conditions.

Branding involves certain actions for tourist enterprise image creation, its maintenance and development.

The use of the well-known brand provides a number of competitive advantages to the tourist enterprise:

1) marketing costs reducing due to brand popularity and consumer loyalty;

2) obtaining a certain degree of influence on travel agencies, since consumers expect tourist services from them under specific brands;

- 3) high prices setting in comparison with competitors, because the brand is perceived as an indicator of high quality;
- 4) simplifying the brand expansion strategy implementation due to high consumer confidence;
- 5) certain protection in the conditions of tough price competition;
- 6) corporate image strengthening, simplifying the promotion of new tourist products and services to the market, ensuring consumers and intermediaries loyalty to them [38].

The branding structure of a tourism enterprise, depending on the feasibility of creating a new brand or using an existing one, is presented in (Fig. 1.4).

When creating a tourist enterprise, management should decide on the expediency of acting under a particular brand. This decision is made on the basis of the collection and analysis of materials on the external and internal environment. The external environment of the enterprise should be analyzed in detail from the point of view of the territorial definition of the market (brand name should take into account linguistic and cultural traditions of different countries, if international activities are foreseen) and the potential consumer (his motivation, which depends on many factors: general economic, cultural and socio-psychological, socio-demographic, and personal behavior).

When analyzing the internal environment of an enterprise, special attention should be paid to those characteristic features (quality) of tourist services that are most attractive to consumers. Despite the obvious advantages of having by a travel company of well-known and recognized by consumer brand, this leads to a rise in the cost of services by 20 – 40 %.

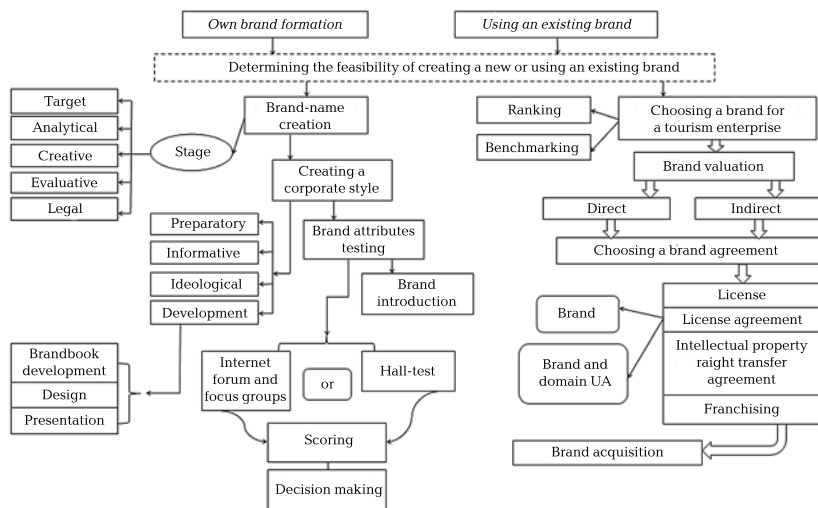
After analyzing the external and internal environment, the question arises as to how to form a brand. A travel company may have several options for choosing a brand: forming its own or using an existing brand.

If the company decides to form its own brand, marketers face the following tasks: determining the feasibility of brand creation, developing the naming and brand identity, testing the brand and its further implementation.

The first stage in tourism company brand formation is to determine the feasibility of its creation, which depends on a mission of a tourist enterprise, its long-term prospects and philosophy, which the company adheres for consumer requirements satisfaction.

The mission of a tourist enterprise should reflect the main goals of its activities and is aimed not only at profit, but also the clear orientation on the consumer needs. Long-term prospects are determined by purposeful actions in their definition, formulation and gradual implementation regarding the main issue – enterprise's activities development within the tourist market. The philosophy of a tourist enterprise is a combination of the main tasks, which consist of providing the enterprise with highly qualified personnel,

efficient management of human resources and high-quality services provided to consumers [8].



**Fig. 4.1** Theoretical and methodological fundamentals of tourism enterprise branding.

*Source:* developed by the author

The second stage is a naming creation. Naming or brand name is interpreted as choosing a name for an enterprise, product or service. Naming is the main element of identification, which affects the formation of consumers attitudes to a brand. The brand name must comply with the tourist enterprise strategy, sound and look good, easy to pronounce, transliterate, memorize and be individual. Naming is accompanied by name verification for protection as a trademark, as well as by consumer testing [12]. The result of the naming is the development of a name that is law enforcement in priority classes in accordance with the International Classification of Goods and Services and which can be registered as a verbal or combined trademark. Also, based on the chosen brand name, the task of creating the following brand attributes, namely the logo and slogan, is solved. Creating a logo and slogan is an important task for designers and marketers who must maximally reflect on these attributes direct associations for consumers related to quality leisure.

The next stage is brand testing that is it checking for recognition, associativity, expressiveness, customer loyalty, ability to impact on consumers, etc. Testing is carried out on target groups, after which the company makes the final decision regarding the selected brand attributes and further implementation of its brand with the help of marketing tools (exhibitions, presen-

tations, ratings, marketing research, consumer stimulation using souvenirs, discounts, promotions, etc.), public relations and advertising.

The specificity of a tourism enterprise's activity lies in the fact that its brand should be a reflection of the quality of all tourism products, which are formed and implemented, as well as an element of recognition as a factor of loyal and long-term relationships. Tourist enterprises do not produce goods, they create tourist products, and services as components of a tourist product cannot have a name that is separate from the common name of a tourist enterprise brand. Therefore, in our opinion, when forming a brand name, the principle of a single name should be chosen for the entire enterprise [36].

Creating your own brand is a complex process that requires a lot of time and effort and high financial costs. Therefore, in tourism business, which is dominated by relatively small companies, tourism enterprises mainly use already existing well-known brands to promote services to the market.

After deciding on the expediency of using an existing brand of another tourist enterprise, management needs to conduct benchmarking, that is, to explore several successful tourist enterprises and, based on the results of this study, choose one tourism company to which it will be possible to join.

When making a decision on the acquisition of a brand, the company must take into account the purchase price, as well as, a contract value, which is highly dependent on the number of provided services and the expected profit.

The next stage will be the selection of an agreement under which a company will be able to use a brand of another enterprise. This problem is usually solved by:

- standard franchise agreement conclusion;
- combinations of franchise and management contracts;
- agreement on patent (license) acquisition for trademark use;
- strategic marketing alliances conclusion.

Signing a management contract does not always mean assigning a brand to an enterprise. Management contracts involve improving the enterprise efficiency by creating an effective management system (hiring staff, placing it, construction of a management relations scheme, etc.).

Therefore, if a tourist enterprise involves a policy of geographical expansion, and its managing company does not have a well-known brand, the enterprise also concludes a franchise agreement with the purpose of buying a brand.

After signing the chosen agreement on cooperation and all conditions fulfillment, a tourist enterprise is considered to be operating under the brand of the main tourist enterprise.

Both ways to form a new or use an existing brand are feasible and promising. The final stage of this structure is brand development, that is, formation of sustainable positions of a tourist enterprise in the tourist market, which should include effective methods for brand promoting, monitoring the brand life cycle, of consumer brand loyalty analysis.



Properly chosen position helps the tourist enterprise to determine the basic features of its image, to create associations among partners and consumers that this image should evoke. However, positive image formation is a complicated issue for an enterprise, since at the present stage there is a lack of reliable official statistics and information about the activities of major companies in the market for the domestic tourism market.

Creating an effective brand of a tourist enterprise implies that a company must constantly work to strengthen the brand image and associations with it. For a modern consumer, the choice of products of various recognized brands, depending on which of them are currently under discounts, comes to a change in the sustainable advantage of products of a certain brand. In addition, competing companies are keen to reproduce the quality of the best branded products in their products, which leads to a great similarity of products that are offered under different brands. This requires tourism enterprises to form not just an enterprise brand, but a competitive brand, reflecting a value, culture and individuality of enterprise's tourism services.

A brand symbolizes stability of characteristics and properties of tourist service, a consumers service level. According to the the Max Planck Institute for Comparative Public Law and International Law, 60 % of customers associate brands with high quality goods, 30 % — with high quality products and company popularity, and 10 % — do not pay attention to the presence of a brand at all [13].

For the tourist service due to the presence of its specific characteristics (intangibility, variability and inability to store) one of the most important components of brand image is tourist enterprise reputation. To form a strong brand, it is advisable to identify a tourist enterprise in professional and competitive environment, forming its specific position in the market, and thus distinguishing it from a number of similar ones. This activity is inextricably linked with the study of the tourist market, in particular the range of competing and related services present on it, specifics of competitive environment, price situation, consumer preferences and factors affecting them, consumer segmentation and information channels, market saturation and trends, regulation. Only as a result of research, it is possible to formulate and get an opportunity to form an effective position of a tourism enterprise, identify target groups of consumers for advertising and information impact, formulate the mission and philosophy of an enterprise. Now, due to the fact that advertising in print media is no longer a sufficiently effective means of promoting a trademark, some tour operators release their own printed publications, addressed both to agencies and consumers.

The presence of a well-known brand in a tourism enterprise contributes to expanding its presence in the domestic and international markets, incorporating into international reservation systems, international marketing programs, programs for promoting and selling tourism services.

Practice shows that in the industrial sphere it is more expedient to direct more efforts to create a positive image of the enterprise-producer, and in the consumer sphere — brand image of the service.

The task of creating a service that meets the needs of consumers can be solved in two ways: a radical change in the consumer properties of an existing service and its improvement.

Travel companies have some experience in these areas:

- provision of a service that is new for a tourist enterprise (as a rule, as a result of reaction to a competitor's service);
- development of next-generation services, which is advantageously different from the previous ones;
- expanding the range of offered services;
- tourist service repositioning [15].

Other components that make a “prestigious background” for tourist services and their producers are also essential, namely country (region) image development and use in promoting tourism services.

The creation of branded travel services is hampered by objective and subjective factors. Further development of inbound tourism is impossible without the active promotion of national tourism products on the international market, Ukraine's foreign image formation as a country favorable to tourism.

The issue of investment in the tourism industry is one of the main conditions for its successful development. In a situation where the state cannot fully finance the construction and reconstruction of tourist infrastructure facilities, the task is to attract foreign investment. A private, domestic or foreign investors are interested in the return of invested funds. In order to make this possible, marketing research is carried out, business plans are calculated and investment projects are composed. However, these methods are suitable only for individual objects, and if we are talking about the development of entire regions, then macro-and meso-economic methods should be applied, based on the characteristics of the investment climate in general. This takes into account such indicators as the presence of an adequate regulatory framework in the region, the level of political stability, the development of the regional economy and finance, social stability, and the environment state [7].

There are other factors that hinder the successful creation and implementation of domestic brands on the Ukrainian market. Specialists distinguish the following features of work with brands, which are distributed to tourist enterprises:

- a new tourist service in Ukraine, compared with Western practice, is being introduced in a shorter time, so there are serious strategic and tactical mistakes in marketing and marketing communications, due to the unstable, rapidly changing economic situation in the country and the weakness of strategic planning at domestic tourism industry enterprises;

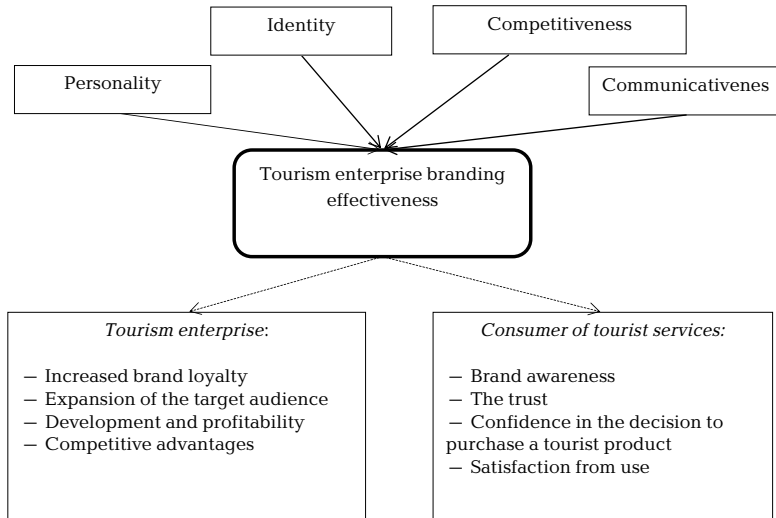
- the desire of enterprises producing tourist services to maximize production and marketing activities, save money and get profit faster. Such tactics can outstrip competitors, but the probability of mistakes during the withdrawal of tourist services to the market is increasing;
- a widespread practice of implementation of decisions taken directly by a head of a tourist enterprise, not supported by research and expert assessments. As a result, in many cases, without a proper justification and without taking into account consumer demand and expectations, a service is created, and only then its producers begin to search for real consumers and target groups;
- tourist services produced in Ukraine and new to the domestic market are, as a rule, either a replication of their Western counterparts, or they are created with the participation of international corporations. Accordingly, their brand is widely known abroad;
- the quality of tourist services appearing in Ukraine under a well-known brand does not always correspond to the global quality level of this brand [17].

In addition, for most domestic consumers low brand loyalty is characteristic, which is explained by the following reasons: firstly, the consumer does not identify the brand, since domestic travel companies spend very little money on advertising (especially image); secondly, with low incomes of the majority of the population, the consumer is ready to change the tourist enterprise sometimes even for the sake of small savings [16].

The factors that prevent the creation of branded services include the fact that in Ukraine the founders of a tourism company, choosing the original, from their point of view, brand name, do not think that competing companies may have similar names, or be identical or similar to a protected trademark. Ukrainian leaders of tourism enterprises do not pay enough attention to the legislation on the original brand creation. Modern competition conditions require from a tourist enterprise to further differentiate a tourist product, including basic and additional tourist services, taking into account specific needs of individual groups of consumers. Such specialization provides for the creation of various brands focused on certain segments of the consumer market.

It is important to determine the branding effectiveness as a result of the company's actions, aimed at meeting the needs and expectations of consumers, that is, to obtain a positive effect from the costs of its implementation.

The essence of presented in Fig. 4.2 technology lies in the fact that at the heart of a successful branding of a tourism enterprise there is a clearly defined brand personality, its identity, competitiveness and communicativeness, which together determines the degree of brand effectiveness.



**Fig. 4.2** Four-factor model for determining the tourist enterprise branding effectiveness.

*Source: own design*

Tourism company branding effectiveness can be assessed based on the specifics of the tourist market and methodological approaches to determine the effect of brand use and management.

For a greater understanding of the proposed model of tourism company branding effectiveness, it is advisable to identify each factor and reveal its elements.

*Brand personality.* Each brand must be individual. Brand personality is determined by the consumers' confidence in travel company's advantages and unique features that distinguish it from competitors. We have proposed to identify the components of brand personality of a tourist enterprise (Table 4.2).

Brand personality should reflect consumer purchasing abilities and desires, as well as their positive emotions. Brands of tourism enterprises, in the presence of a unique individuality, are characterized by long-term relationships with consumers and influence their perception of offered products and services [58].

The study of the presence of these constituent elements will contribute to this goal. If the results meet the expectations, then it can be argued the tourist enterprise has signs of personality.

*Brand identity* should be understood as brand image of a tourist enterprise, which is formed in the mind of the consumer with the help of visual, auditory or additional perception.

**Table 4.2** Constituent elements of brand personality of a tourism enterprise

No.	Element	Characteristics
1	Unique characteristics	Tourism enterprises often offer identical travel products and the same level of service. Unique characteristics in this case will be new services (eg, wedding on the islands, rental of transport for weekend trips, family holiday with children with 100 % children's animation) and personal attention to each tourist (for example, accommodation in the office of a coffee machine for self-service, departure of the manager to the office of the consumer)
2	Awareness	Brand awareness plays an important role in building long-term relationships with consumers, but public relations through the media should be an important element
3	Value	The brand value in this case will be marked by the level of customer loyalty and satisfaction of their expectations
4	Quality	Maintaining a high quality level of offered products and services. Among the actions needed to get a positive result, it can be selected, for example, promotional tours to popular resorts, where the level of the hotel and restaurant base, interesting excursion programs and leisure programs will be assessed
5	Reputation	Ability to create and defend enterprise's reputation

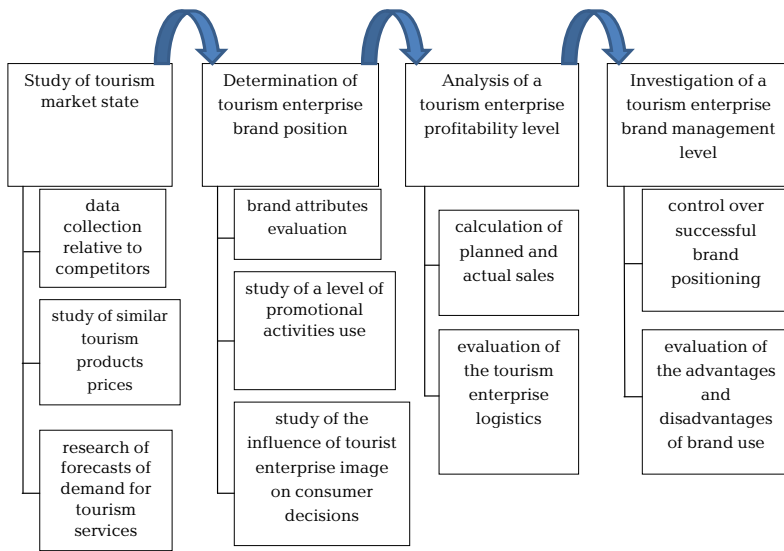
*Source:* own design

Brand identity of a tourist enterprise begins with the formation of its characteristics in the minds of consumers, that is, in their ability to remember and identify it. Consumers should understand a category of products and services in which a brand of a tourism enterprise competes, and also enterprises should clearly monitor the link between products and services that operate under a certain brand. Thus, brand identity should be evaluated according to two criteria: presence of elements of visual and/or auditory identification.

*Competitiveness.* Since competitiveness is a key element in determining the effectiveness of brand management, a four-stage model for researching the competitiveness of a tourism company's brand has been developed and proposed. This will allow us to critically determine the brand competitiveness level. It is proposed to perform these calculations every three years (Fig. 4.3).

An important task of determining the competitiveness level of a tourist enterprise brand is to study the current state of the tourist market. It is advisable to collect information about competitors engaged in tourism activities within the city, travel destinations, study pricing policies for similar tourism products and study forecasts of demand for tourism services in the coming year. This can be realized by macroeconomic indicators estimation. According to the results of this stage, it is possible to determine brand advantages

or disadvantages in this tourism enterprise activities and possible ways to improve the pricing policy.



**Fig. 4.3** Model of researching the competitiveness level of a tourism enterprise brand.

*Source: own design*

At the stage of determining the brand position, first of all, it is advisable to analyze the brand attributes effectiveness using, for example, sociological surveys of consumers. This will contribute to understanding how the brand is clear, informative, and whether its image and reputation in the minds of users of travel services is sufficiently manifested.

Also, it is extremely important for managers of a tourism enterprise to pay attention to the advertising activities level. Planning promotional activities and choosing ways to post advertising messages can be briefly defined as media planning. Media planning should be considered as an important means of informing the target audience about the existence of tourism enterprise brand, about its mission, as well as about the benefits that a consumers can receive if they are interested in cooperation. Schematically, the process of implementing media planning consists of shown on Fig. 4.4 stages.

The study of the influence of tourism enterprise image on the consumers decision can be carried out after a clear definition of this term essence. Taking into account the specifics of tourism enterprises, it is determined that tourism enterprise image, as a means of external brand perception, is

an indicator that forms consumers' perceptions and impressions about an enterprise and its specifics in the tourism industry [63].

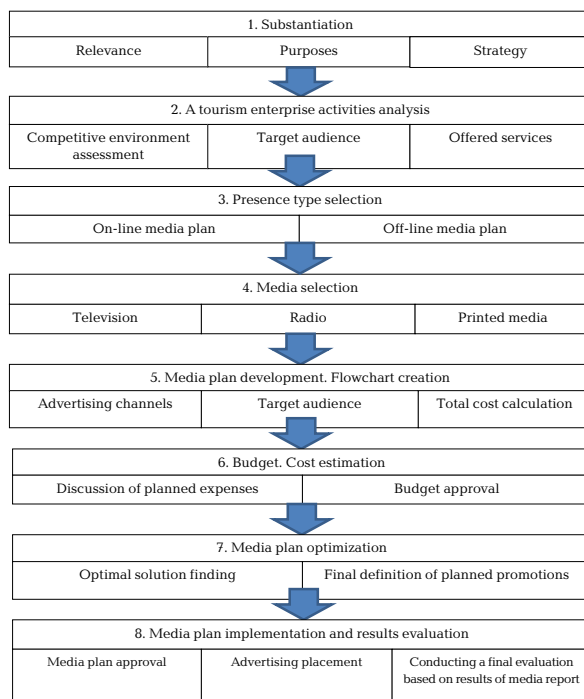
The effectiveness of tourism enterprise image can be determined by generalized evaluation criteria, using surveys of consumers and partners. A study on the presence of tourist enterprise image should be carried out according to the following criteria:

1. A business activity level of an enterprise, that is, the presence of reputation, reliable partnerships, stability and development potential of an enterprise.

2. External and internal attributes of a tourist enterprise brand, namely: design, interior design of the tourist enterprise premises, definition of its identity with brand attributes, that is, with a company logo.

3. Corporate culture assessment: staffs image level determining, the presence of a socio-psychological climate and everything that should create a positive enterprise image.

4. A level of social communications, which determines the awareness and impression of society about the tourism enterprise.



**Fig. 4.4** The process of implementing a media planning of tourism enterprise brand.

*Source: own design*

The third element of the proposed model for determining the competitiveness level of a tourism enterprise brand is the analysis of its profitability level. This will help assess the dynamics of financial results, growth trends and distribution of profits, as well as identify possible reserves of profits. The analysis is carried out according to the results of company activities for three years. According to the authors, it would be advisable to carry out an internal analysis of tourism enterprise profitability, which can be carried out by managers or owners out under commercial secrets. Such a calculation can be done on the basis of return on sales (net profit margin).

$$P_{si} = \frac{S_p}{R} 100, \quad (4.1)$$

where  $P_{si}$  — return on sales;  $S_p$  — sales profit;  $R$  — revenue.

It is also advisable to analyze the state of logistics.

The fourth element of the model should be a study of the level of tourism enterprise brand management. We think that it is necessary to evaluate two indicators: brand position and brand disadvantages.

Brand positioning is an extremely important factor in successful enterprise development, therefore it is necessary to coordinate and control this process. By surveying regular customers, it is possible to identify quarterly disadvantages and advantages of a tourism enterprise brand. This will help control brand image and reputation, help eliminate disadvantages and strengthen the advantages.

*Communicativeness* of a tourist enterprise brand can be defined as the ability to form relationships with consumers of tourist services using messages, taking into account feedback. The effectiveness of branding depends on how confidential relationships are formed between a brand and a consumer. The key means of brand communicativeness is to inform consumers about certain characteristics of tourism products, the usefulness and benefits of their use and, as a result, consumer feedback, his willingness to take advantage of the products they were informed about. Brand communicativeness can be considered successful only when the message includes four elements: mission, values, advantages, brand uniqueness. Depending on how complete and correct this message is, the effectiveness of the feedback and further cooperation with the consumer depends. All these elements indicate that the tourism enterprise has long-term goals, is focused on meeting the needs of consumers, has interesting and unique offers, and also occupies a stable position in the tourism services market.

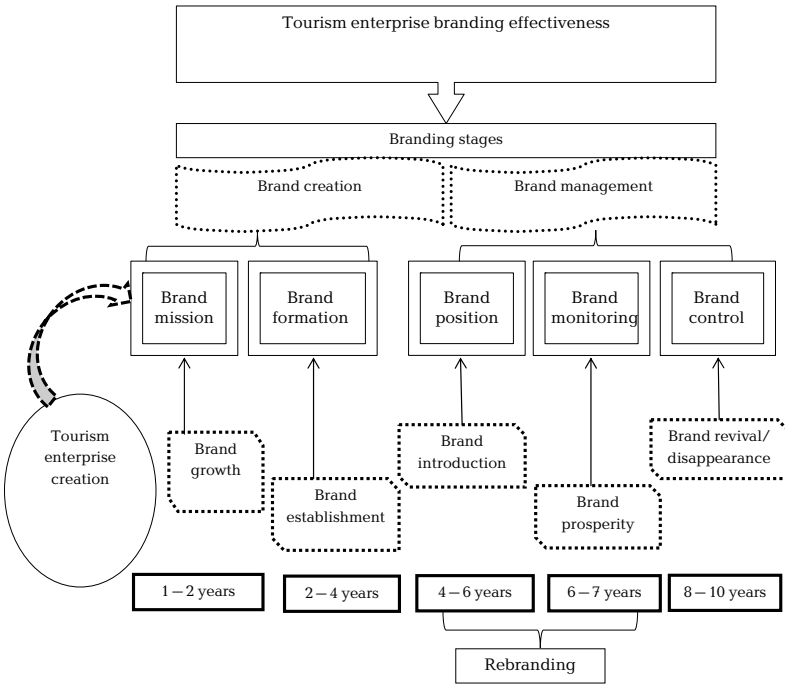
The main stages of tourism enterprise branding have been proposed and highlighted considering that a brand has its own life cycle, like an enterprise. We propose to consider them in such relationships (Fig. 4.5).



Creation of this mechanism will help to solve the problem of evaluation (research) of the effectiveness of tourism enterprise branding from a practical point of view.

The authors proposed to consider the branding process, consisting of five stages: the definition of the brand mission; brand formation; positioning; monitoring; brand control.

The life cycle of a tourist enterprise brand divided into five time periods of two years. We represent it in such a sequence: brand growth, formation, introduction, prosperity and revival (or disappearance).



**Fig. 4.5** Relationship of a brand life cycle with the process of enterprise activities of brand creation and management.

*Source: own design*

Starting from stage 3, it is suggested to consider the issue of tourism enterprise rebranding. The issue of rebranding should be considered in the context of market changing, consumer loyalty reducing, target audience expanding, etc.

Thus, the sequence of conducting the proposed research methods will help to identify the strengths and weaknesses of a tourist enterprise brand and help to improve it in time.

The modern environment requires the transformation of the classical model of brand management, since today tourism enterprises operate under the following conditions:

- intense competition for each tourist;
- changes in the trade channel – consolidation of distribution companies, opening of their own agencies and branches in the country regions;
- information overload of mass media, including various kinds of advertising;
- increase in the number of offered services [47].

In this regard, it is necessary to improve the tourist enterprise brand management process.

Tourist enterprises must constantly develop and invest additional material resources in brand management to maintain a leading position in areas already won (for example, Egypt and Turkey) and to achieve leadership in new areas (for example, Italy, Austria, etc.).

Most enterprises in the tourism business have a similar logo, a name, the same price offer, which will not contribute to brand promotion. Also, unqualified personnel, lack of professionalism of tourism enterprises, consumer mistrust (in fact, not only one consumer is not insured from a poor-quality tour) impede the development of a competitive brand of a tourism industry enterprise [31]. So, taking into account these factors, it is necessary to formulate several approaches that will help the tourist enterprise to look like a brand.

1. A company must have a name that can be remembered.
2. Development of high-quality and bright logo.
3. The presence of a clearly formulated proposal strategy, i. e. the consumer's interest in choosing this particular tourism company.
4. The enterprise must be different from competitors, have individual features.
5. Highly qualified personnel who will provide quality service and provide competent advices to consumers.

It should be noted that some international tourist enterprises have already become interested in the Ukrainian tourism market with attractive offers for domestic consumers, links and guarantees. With their entry into the Ukrainian market, domestic tourism enterprises will have to reconsider their strategic positions and brand role in their activities.

The glut of the tourism services market requires the development of new ways to expand the brand and ways to improve brand management:

- it is necessary to use integrated marketing communications, to formulate brand development strategies. The advertising company should be focused on remembering by consumers of a brand and manufacturer;
- the majority of consumers, focus not on technology, but on the quality and quantity of the offered services when buying a travel package,

therefore, it is advisable to focus attention on tourism services in an advertising campaign;

- maintaining support of their customers' loyalty, maintaining company positive image through sponsorship, win-win shares, placing POST-materials at points of sale and the largest crowds of people. It is necessary to compare with the popular brand;

- consumers are becoming more demanding and picky in their choice of tour operator. At the same time, Ukrainians are ready to pay more for high-quality tourist product of a premium level. In order to compete successfully, tourism enterprises need to constantly offer new types of services, additional services, bring new types of products to the market, change the appearance of catalogs, advertising products;

- improve the work of the marketing department by applying a low price strategy. In this case, the company relies not on profit, that it receives from the units, but on maximizing the mass of profit gained due to a large sales volume. This strategy is beneficial for the tourism industry enterprise, since there is more than one competitor in the tourism market, the available capacities allow it to provide a high volume of sales of tourism products. This will increase the percentage of consumers, since they will buy at lower prices than from competitors. The profits can be used to expand the advertising campaign;

- it is necessary to improve the technology and organization of tourist trips. Pay more attention to each consumer and quickly respond to any questions, comments and shortcomings.

To improve brand management it can be possible to attract a well-known representative who will promote a travel company brand and possibly become its face. A famous person attracts journalists, causes positive emotions among consumers.

Advertising is a means of transforming an ordinary enterprise into a brand. It can be used for:

- presentations of a new brand;

- providing additional information on functional and psychological qualities;

- appropriate image creation;

- increase in the number of regular customers.

Advertising has a significant impact on consumer behavior. According to one of the classifications, it is divided into two groups. ATL-advertising is placed in traditional media. Outdoor advertising also belongs to this category. BTL-advertising includes all sales promotions, direct marketing, public relations, and online advertising [32].

Television advertising is considered to be the most effective way to improve brand management, since it affects various senses and causes the most intense emotions. However, television advertising is too expensive for the majority of domestic tourist enterprises, although image clips are an

important component of creating an attractive image of an operator, that is characterized by high quality of provided services.

However, in Ukraine, not all tourism enterprises can broadcast their commercials. This is a negative factor, because, as you know, television advertising has a great influence on most consumers.

Tourist enterprises should pay attention to another method of improving management and brand promotion — outdoor advertising, as one of the oldest ways to bring an advertiser's message to the general public. It is characterized by an aesthetic and unobtrusive perception. The most effective type of stationary outdoor advertising is billboards. They are used by large and medium-sized advertisers to reinforce and supplement media messages, as well as to remind them of their core business activities. Many tourist enterprises use billboards in large cities for advertising.

Discounts prevail among the measures to stimulate sales in the sphere of tourism. They are offered in low season or in early booking. To promote sales, the so-called "reinforcements" are used: additional services or gifts.

Company must constantly interact with the media for positive public opinion formation and image improvement. Editorial materials of different genres can effectively influence potential consumers than advertisements, because readers treat them with a greater degree of trust.

Thus, brand value lies in the ability to bring the company extra profits. Strong brands are deeply rooted in the minds of people, becoming part of their lives. Branding includes elements of marketing, product and pricing policies, as well as image and corporate identity. Traditional components are advertising and public relations. The main objectives of advertising are to strengthen the brand position in the market and make its image more understandable to the target audience. When buying a tourist product from a brand-name company, consumers display their own image, which coincides with their perceptions of themselves.

## **4.2 Brand equity of tourist destinations**

The issue of place branding began to be researched in scientific literature in the early 90's of the twentieth century by such authors as: D. Haider, F. Kotler, I. Rein. In their work, "Marketing of the Territories," they formed a concept in which they justified the expediency of applying marketing activities to promote the territory. When promoting the territory, four main directions of development were defined: image, investment, tourism and social attractiveness [76].

For the first time, the terms "place branding" and "nation branding" were used by world leading branding specialist Simon Ahnolt, who developed an integrated, differentiated approach to place branding and the concept of competitive identity, including six elements of modern branding,

in particular: tourism, exports, politics, business and investment, culture, people [65].

Each developed and approved destination brand is characterized by a certain strength, ability to attract tourist, and therefore cash flows, which in modern science is associated with the term "brand equity". The most complex the term is considered in the scientific works of Professor D. A. Aaker, an outstanding specialist in the field of marketing. He has identified brand equity as a series of assets associated with the brand, its name and symbol that increase or weaken its value. Brand equity includes following assets: brand awareness, brand loyalty, brand association, perceived quality. One of the basic components of brand equity is brand awareness, i.e. ability to identify the brand as an association with a particular class of goods. This indicator, which many marketers regard as a percentage of target audience, can refer to a particular brand in the context of a particular product group [2].

The territory of any configuration gets the opportunity to become a brand only when a potential visitor begins to identify it as a kind of unique integrity, theoretically possible place to travel. That is, a tourist destination with its resources, infrastructure, activities can be branded and have its own brand capital with all its attributes. In this case, awareness of target audiences in a particular area/settlement as a potentially visited site is analogous of brand awareness of a tourist destination. This poses an important task for scientists and practitioners to assess the level of consumers awareness about the territory as a tourist destination, determining the level of awareness and recognition of the destination, ability to identify it among others. Experts now agree that absolutely accurate methods for assessing brand awareness do not exist, most of the existing techniques are based on large-scale surveys. At the same time, marketers believe that it is possible to make a certain idea of the level of brand awareness of tourist destination on the Internet through some indirect behavioral indicators, in particular — the number of searches on the Internet.

The Internet as a source of information is an integral part of the search center of consumers, and search behavior of users is collected and simulated by search engines like Google, through cookies and server logs. Measurements by the number of searches made by certain analytics systems, including Google Trends, Google's public web application based on Google search, which shows how often a term (in our case, a tourist destination) is searched for in relation to the total volume searches in different regions of the world and in different languages. Time is presented on the horizontal axis of the main graph, and how often the term was searched for in relation to the total number of searches worldwide is presented on the vertical axis [59].

The most useful Google Trends tool in terms of brand awareness analysis is "Analysis of query popularity", which allows you to determine the nature of search queries dynamics, including by countries and regions of the world, compare queries by different brands and query structure by countries and regions of the world. The Google Trends search query index is based on vol-

ume of requests that users of a certain region of the world enter into Google and is based on the percentage of requests. In this case, the day in which the largest number of requests was recorded during the studied time interval is taken as 100 units. Data does not include searches made by unacceptably small number of users, duplicate searches performed by a single user for too short period of time, or search queries with special characters, such as apostrophes. Google Trends data contains not only search keywords, but also images and videos (YouTube), which allows you to analyze your interest in various tools for promoting a travel destination brand.

Accordingly, in circumstances where the use of other methods of assessing brand strength is not possible, a tourist destination manager, using the appropriate Google toolkit, can:

- determine the level and nature of the dynamics of interest in a tourist destination from 2004 (the beginning of the functioning of the analytical system), which will allow both to diagnose the level of awareness of target audiences, and to link the periods when the interest in a destination increases/decreases in connection with certain events (mass events, political crises, etc.);
- assess the period on the eve of events causing an increase in interest, during which certain marketing activities must be applied;
- compare the level of interest/awareness of several tourist destinations, which are regarded as competitors, on different target markets, and therefore – identify the most promising markets for the tourist destination.

Development of existing Ukraine's tourism brand was implemented by the State Agency of Ukraine in Tourism and Resorts with a grant from the German Society for International Cooperation (GIZ) in Ukraine. The project was a group of team "WikiCityNomica", design studio "Korolivski Mitci" and agency "Brandhouse". The presentation of the brand took place on March 21, 2014 in Kiev during the conference "Popularization of Ukraine's image and its tourism opportunities" (Table 4.3).

The purpose of the tourism brand of Ukraine is to consistently form an image of an extremely interesting country, which should be explored, with the help of adequate tourist products and communications, caring for the positive experience and impressions of tourists during the trip. The main tasks of the tourismbrand of Ukraine are:

- increase in the number of tourists in comparison with previous periods;
- increase in investments in hospitality industry of the country as a whole;
- increase in the number of events of the MICE (congresses, exhibitions, etc.) of the international level;
- increase in the number of repeated visits to the country;
- increase in the number of positive publications and references about Ukraine as a tourist destination [56].

**Table 4.3** History of Ukraine's tourism brand development

Period	Developer	Logotype
2002 – 2006	State Enterprise "National Tourist Organization" under the State Tourism Administration of Ukraine	
2008 – 2010	State Enterprise "National Tourist Office" under the State Service of Tourism and Resorts of the Ministry of Culture and Tourism of Ukraine	
2014 – up to now	State Agency of Ukraine in Tourism and Resorts	

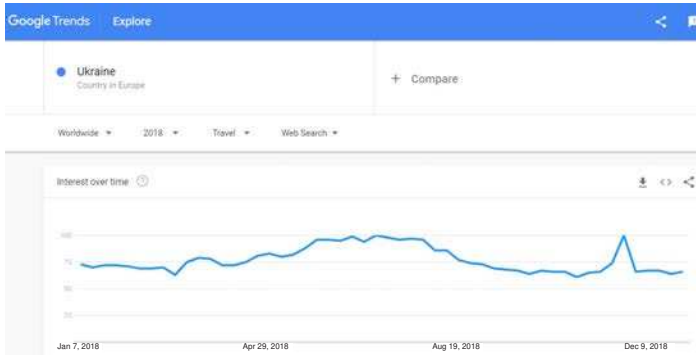
The basis of the new brand of Ukraine is the Latin letter "U", the first letter of the name of the country. Two sticks "U" symbolize two polarities, alternatives that are usually opposed, but in Ukraine they get along together, and a bracket between them connects them. We get a figure, that is a magnet – a symbol of attractiveness, and at the same time a symbol of sincerity and hospitality. Traditional Ukrainian elements and colors are used in the image.

The slogan "Ukraine: It's All About U" has a dual meaning: on the one hand, "Ukraine: it's all about you", and on the other hand, "It's all about Ukraine". The logo is an individual expressive symbolism of the tourism brand of Ukraine, which consists of two parts: a unique graphic spelling and a sign. The color scheme, which is the basis of the logo of Ukraine's tourist brand, has the following meaning:

- yellow – the color of the sun, life, positivity and goodness. It works on the contrast of blue, against the background of which it shows more of its "energetic" positive quality;
- crimson – the color of the Cossacks, fertility and emotionality. It adds expression in the overall color scheme, and creates a contrast in combination with the light-green;
- light-green – the color of nature and harmony. Works in contrast with crimson;

- dark brown – the color of the earth. It simbolizes soil and foundation, against which bright colors become more expressive;
- blue – the color of the sky, confidence and equilibrium. It works like a balance between pink and light-green [56].

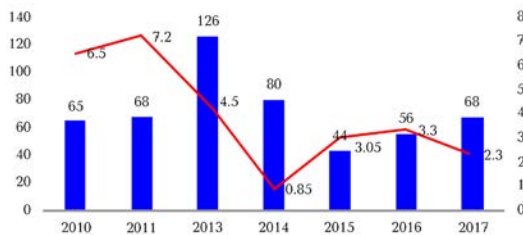
The results of the analysis of dynamics of Ukraine's popularity in Google Trends by travel category in 2018 revealed seasonal fluctuations of the indicator, which are characterized by a significant increase in the spring-summer period (Fig. 4.6).



**Fig. 4.6** Dynamics of Ukraine's popularity in Google Trends by travel category in 2018

Top 10 countries that make Google's searches for traveling to Ukraine include: Moldova, Belarus, Lithuania, Latvia, Israel, Cyprus, Georgia, Azerbaijan, Poland and Turkey.

Brand "Ukraine" value was USD 68 billion according to Brand Finance estimates in 2017, i. e. it was equal to the level of 2011 (Fig. 4.7). One of the key indexes of this ranking is the investment environment. The figure shows that with the fall in the inflow of foreign direct investment, the value of the brand "Ukraine" decreases.



**Fig. 4.7** Dynamics of Ukraine's brand value and direct investment during 2010 – 2017, USD billion.

*Source: [57]*



The most expensive brands in 2017 were: the USA — USD 21 trillion, PRC — USD 10.2 trillion, Germany — USD 4 trillion, Japan — USD 3.4 trillion, the United Kingdom — USD 3.1 trillion (Table 4.4).

**Table 4.4** Ranking of the most valuable nation brands according to Brand Finance in 2017

Rank	Country	Brand value, USD bn	Change, %
1	United States	21055	2
2	China	10209	44
3	Germany	4021	4
4	Japan	3439	15
5	United Kingdom	3129	6
6	France	2969	27
7	Canada	2056	14
8	India	2046	— 1
9	Italy	2034	34
10	South Korea	1845	43

*Source:* Compiled by the author according to [70]

Unfortunately, Ukraine ranked 60th in the 2017 ranking, but it is positive that it ranked 45th in 2013 and was in the TOP-50.

Kyiv, Odessa and Lviv are the main tourist destinations of Ukraine. Kyiv is unique in historical, religious, cultural and business aspects. However, the historical basis remains crucial for its present. The city was the beginning of Slavic civilization — Kievan Rus. Kiev is the birthplace of Russian Orthodoxy and the center of Christian pilgrimage. Archangel Michael is considered the patron saint of the city. Perhaps that is why this defensive city survived two world wars, preserved and restored unique architectural complexes. It is a city on river banks, with a unique landscape, rich parks and gardens. Its modern architectural ensembles are combined with ancient temples surrounded by nature. Kyiv is a metropolis, comfortable for life. It is dynamic, hospitable, open and sincere. Kyiv is a European city with a well-developed infrastructure where they go to get a job, do business, make dreams.

Visual images, that identify Kyiv as a historical, tourist, spiritual, cultural center of Ukraine, are used for logo creating. Four letters are four images that transform into the forms of "drop", "chestnut", "dome", "heart" (Fig. 4.8).

"Drop" symbolizes the Dnieper, the legend of the city's foundation, a water artery, a conjunction of two shores.

"Chestnut" is a symbol of the city-park, the "greenest" city in Europe, Khreshchatyk, Kyiv's connection with nature.

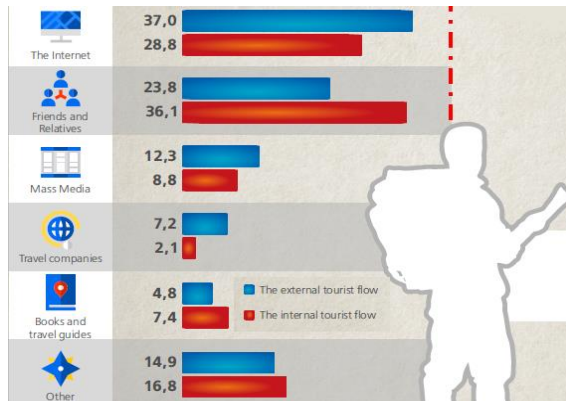


**Fig. 4.8** Kyiv's tourism brand logo

"Dome" symbolizes the golden dome of the capital, a large number of temples of historical significance, holiness, the center of Orthodox pilgrimage, religious culture.

"Heart" characterizes Kyiv as a "good" city, without urban aggression of metropolises, harmonious, comfortable for life, loved by townspeople. This is a mystic place, which is according to the legend under protection of Archangel Michael. It has non broken communication "man- habitat" [9].

According to sociological surveys, the first place among information sources about the tourist destination of Kyiv (Fig. 4.9) for foreign tourists was occupied by the Internet (37 %), and for domestic tourists – by friends and relatives (36,1 %).



**Fig. 4.9** Information sources about the tourist destination of Kyiv [9]

Brandbook "Odessa visual identity" [10] was presented in 2012. It included the logo, fonts, pattern, calligraphic composition and rules for the issuance of souvenirs. At the same time, presentation of a new logo was held in Odesa during the opening of the city tourist center. The proposed logo of Odessa should be associated with "anchor, heart, waves, force and beacon". The language part of the composition was developed in three languages – Ukrainian, English and Russian. Calligraphic composition is the slogan

"I Love Odessa", which includes a branded anchor, which according to the standards of the development studio can only be red (Fig. 4.10).



**Fig. 4.10** Odessa's tourism brand logo

The tourism brand of Lviv has the appearance of five colored towers: the Armenian Cathedral bell, the Korniyakt Tower, the City Hall, the Latin Cathedral Tower, the Bell Tower of the Bernardine Monastery, which symbolize rich architectural heritage of the city, diversity of cultures, nationalities, denominations that existed in the city from the time of its foundation. The inscription "Lviv is open to the world" is under the image of towers and is the motto of the city (Fig. 4.11). The urban space always dominated in ancient images of the towers of Lviv. This tradition is continued in the modern emblem of the city.

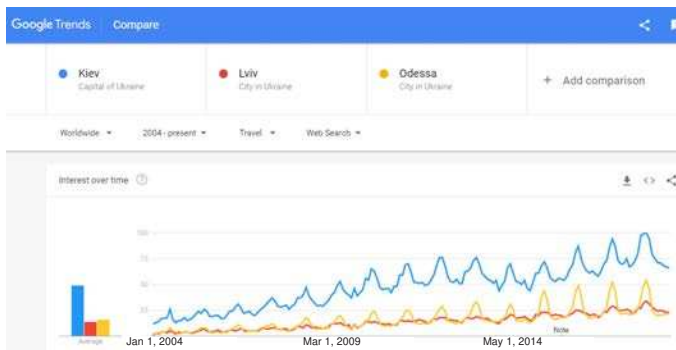
The purpose of the tourism brand is to create a positive perception of Lviv among Lviv citizens, residents of Ukraine and foreigners through the unification of visualized official and promotional materials, development of unified city image. It will enhance city competitiveness, recognition of its products, identity and uniqueness, architecture, culture and history. The objectives of creating a tourism brand of Lviv are: full consolidation of ideas of main stakeholders and development of basic conceptual position in the city representation as part of city's communication policy; creating elements of the city's visual identification in addition to existing ones for their further implementation and use [14].



**Fig. 4.11** Lviv's tourism brand logo

A comparative analysis of search queries on the topic "Travel" made from the territory of the world since 2004 for tourist destinations "Kyiv", "Lviv", "Odessa" (Fig. 4.12) has shown the following:

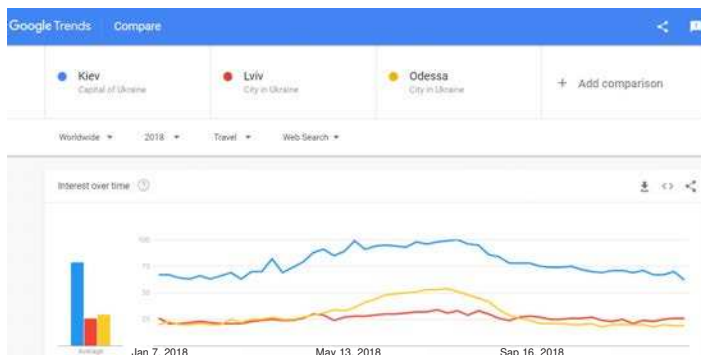
- the leader in the number of searches for all countries of the world, except Poland, is the capital of Ukraine, because the total amount of queries concerning Kyiv throughout the period 2 – 3 times exceeds the number of requests for Odessa and Lviv;
- content of search queries for all three cities mainly concerns transport (tickets, bus service, airports) and hotels;
- residents of such countries as (in decreasing order) Kazakhstan, France, Sweden, Great Britain, Switzerland, Spain, Canada, Azerbaijan, Latvia, the USA were interested in Kyiv;
- the largest number of requests for "Lviv" was made from Poland, Italy, Belarus, Turkey, the Czech Republic, Austria, Ukraine, Spain, Germany, Canada;
- the largest number of queries "Lviv" was made from Poland, Italy, Belarus, Turkey, the Czech Republic, Austria, Ukraine, Spain, Germany, Canada;
- residents of Moldova, Lithuania, Israel, Turkey, Belarus, Russia, India, the Netherlands, the USA and Ukraine were interested in Odessa;
- structure of inquiries from Ukraine, which to some extent characterizes the target regional markets for studied tourist destinations, is also ambiguous: the central and northern regions – for Kyiv; western – for Lviv; southern regions, as well as Vinnytsia, Kirovograd, Chernivtsi and Khmelnytskyi oblasts – for Odessa;
- the peak number of requests for Kiev and Odessa falls annually in the summer months, while the query curve for Lviv is more aligned, indicating the smoothing of the tourist season.



**Fig. 4.12** Comparative analysis of search queries of Ukraine's tourism destinations during 2004 – 2018

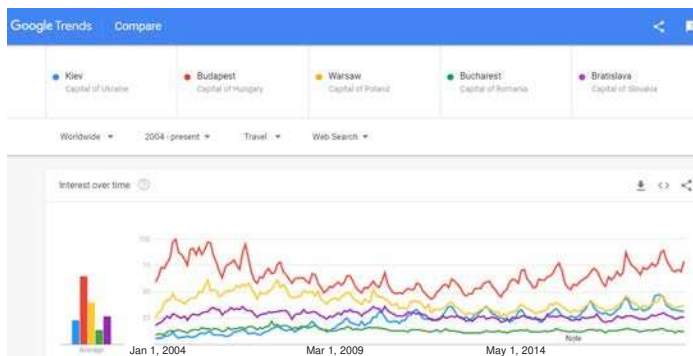
If we take as a basis for the analysis a shorter period – 12 months of 2018, then we can more closely observe the dependence of interest growth of target audiences of investigated tourist destinations on certain events

(Fig. 4.13). We are already witnessing a growing interest in Kiev and Odesa in connection with the beginning of the tourist season and a fairly equal interest in Lviv throughout the entire period.



**Fig. 4.13** Comparative analysis of search queries of Ukraine's tourism destinations during January – December 2018

Estimation of brand awareness of Kyiv compared to the four capitals of the Eastern European countries — Warsaw, Budapest, Bratislava and Bucharest, based on search queries for the period of 2004–2018 has been conducted. It has shown (Fig. 4.14) that Kyiv has already reached the level of requests for Warsaw and has overtaken Bratislava and Bucharest in 2012, conceding to popularity of other capitals at the beginning of the investigated period. That is, the interest in Kyiv as a tourist destination has increased. It should be noted that the nature of search queries dynamics demonstrates the main problem of the Ukrainian capital — seasonality, because target audiences somewhat lose interest in it every year from October to March.



**Fig. 4.14** Comparative analysis of search queries on the topic “Travel” in the capitals of Eastern Europe during 2004–2018

Further research can clarify the correlation between the number of searches, activities and events in the territory of selected tourism destinations and volumes of tourist flows as a manifestation of realized interest in the brand.

### **4.3 Branding of resort territories**

Modern ways of promoting resort territories product in Ukraine take place in the context of globalization and the transition to the information society and increase competition for consumers. Crucial conditions for survival on rigid travel market are the need for concentration on a high-quality resort product, able to satisfy the highest demands of modern resort consumer, and promote itself to the market. A significant role in this process is played by four groups of factors: megafactors (climatic condition of the area), macrofactors (country, its level of economic and political development), mezofactors (resort territories, its social and recreational features a variety of resort product) and microfactors (human resources, comfort and service, product promotion technologies, including social networks, etc.).

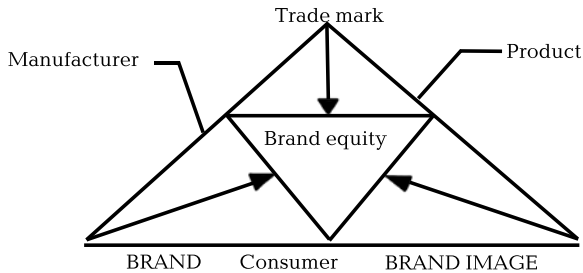
But the main role of the process of resort territories development belongs to branding and brand management of resort regions, cities and territories. It is hard to overestimate the role of resort in socio-economic development in different regions. Resort and recreation are very specific sectors of the economy. Resort is regarded as one of the most profitable and intensively developing branches of the world economy. Modern resort enterprises take an increasingly important place in the economy of Ukraine.

A brand is the most important factor in ensuring customer loyalty. The brand is important for its owner as an important and expensive (and possibly the most expensive) asset of the company, and also for the consumer as a factor that allows to identify the product or service in the total market system.

A brand should be understood as a product (firm, product or service) display that has a unique name and symbolic identifiers (trademark, logo, packaging design) in the mass consciousness. Modern understanding of the brand includes several aspects: the mechanism of differentiation of goods; market segmentation mechanism; image in the minds of consumers (brand image); means of interaction (communication) with the consumer; means of individualization of goods, companies; identity maintenance system; legal instrument; part of the company's corporate culture; the concept of brand equity; a market element that evolves in time and space [71].

The above mentioned aspects make it possible to understand the brand as something complex, multifaceted, although the proposed aspects do not reflect the brand as a single and integral phenomenon. Aspects characterizing the marketing essence of the brand can be represented in the form of a logical scheme.

As can be seen from the Fig. 4.15, interaction of the consumer market, the product and the manufacturer forms the basis for the emergence of a brand as a whole. The brand's core elements are trademark, brand image and brand management. Their main task is to create significant brand equity.



**Fig. 4.15** Aspects characterizing the brand essence.  
*Source: [6]*

Brand criteria are as follows: consumer experience; fame; consumer confidence; guarantees and stability on the part of the manufacturer; increased marketing support; emotional and cultural component of positioning.

Thus, the existence of brands in the market is an indicator of, on the one hand, a developed consumption culture, on the other – a characteristic of orientation of the enterprise to the market, goods and consumers [6].

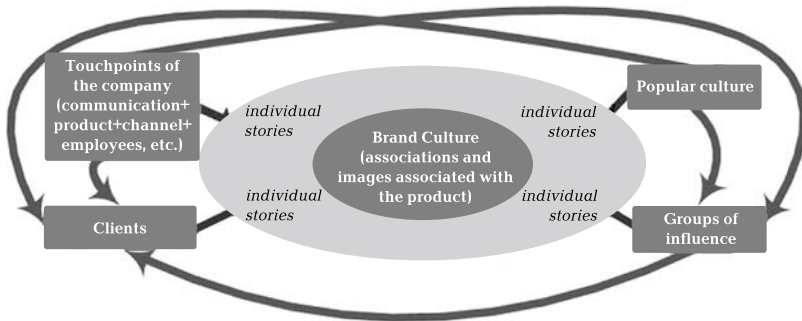
The core of the brand management concept is the brand category, whereas the concept of the commodity is the basis of the classical marketing scheme. The criteria for brand identification are: customer experience; fame; consumer confidence; guarantees and stability on the part of the manufacturer; strengthened marketing support; emotional and cultural component of positioning. Brands are created mainly through various types of communication.

As can be seen from the Fig. 4.16, a brand is also a subculture of a product. The authors of the brand are the following:

- The company – whose influence on the formation of the brand is manifested through points of influence, that is, in the form of articles about it, advertising, price/quality of the product, courtesy of the employee, technical support service, official management statements on public issues;
- Groups of influence are industry experts, celebrities (famous people), and other authorities whose independent opinions often influence the formation of the brand no less than the firm itself;
- Popular culture – public or industry norms are a filter of the representations of people – both clients and groups of influence. For

example, the newfangled desire to consume organic products brings new manufacturers to the market or kills old brands;

– Customers who form their own independent opinion about the product (service) [71].



**Fig. 4.16** Brand authors and their interaction.

*Source: [71]*

To begin with, it is useful to distinguish such concepts as "trademark", "brand". Trademark — name, a term, a word, expression; a symbol, a design solution, or a combination there of to indicate the goods and services of a particular seller or group of sellers to distinguish them from competitors. Trademark — an officially registered one or several elements of a mark, has legal force, is protected by legislation. A brand is a system that ties together a product with its characteristics; a trademark; it is image in the minds of consumers, as well as the concept of the producer (seller) in relation to its product, the brand and consumers. It is obvious that brand or trademark concepts are closely interrelated, but not interchangeable. In practice, the words "brand" and "trademark" are sometimes used synonymously. But the brand concept is broader, since it includes, in addition to the brand, the product or service with all its characteristics, as well as expectations, association, perceived by the user, information about the customer and the promise of any advantages given by the brand author to consumers [1].

There is a catchphrase belonging to F. Kotler: "If you are not a brand, — you do not exist." The key to success in the competition for the consumer is literate branding [75].

In the scientific literature there are various definitions of branding. According to O. Guseva, branding is a technique of creating a special impression that contributes to the overall image and the relation of the target market segment to the brand. A. M. Yanovsky defines branding as the science and art of promoting a trademark in order to form a long-term preference to it [62].



David Ogilvy, one of the world's leading experts in advertising and branding, proposes to attribute the intangible sum of product properties: its name, packaging and price, history, reputation and ways of advertising.

Under the branding is often understood the process, during which the sign of the enterprise (firm, company) becomes memorable by consumers. However, branding should include a comprehensive impact on the consumer, both produced by the trademark itself (service mark), and arising from the promotion of sales (developed in a single key) and the characteristic design of the product (service) that distinguishes it from competitors.

Thus, branding is an activity connected with the creation of a long-term preference for a particular product among competitors, which should be based on a joint enhanced effect on the consumer of the trademark, packaging, advertising appeals and other elements of advertising, united by a certain idea and uniform design [4].

Based on the above definitions of branding, the use of the branding concept gives the company a number of advantages:

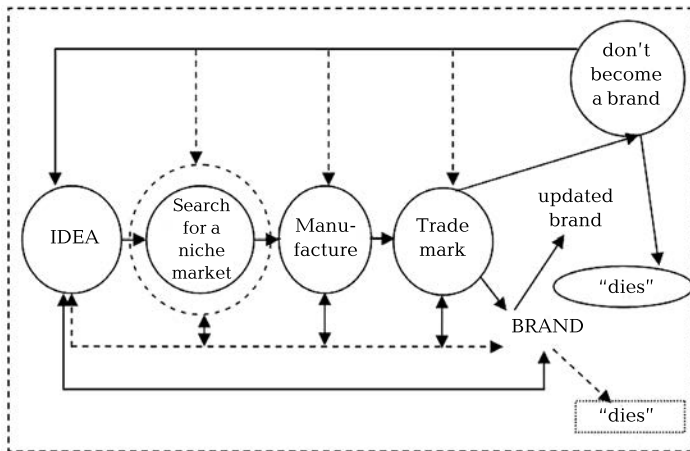
- branded goods can be sold more expensive than unbranded with similar quality;
- firms with a brand are easier and cheaper to penetrate new markets than their competitors who do not have a brand. This can be explained by the fact that the first firms do not need to earn a reputation among consumers again, since they have already proven themselves and their goods;
- minimization of transaction costs (reduction of uncertainty in the market, protection against opportunistic behavior and solution of the problem of information asymmetry).

The process of organizing branding as a marketing tool has historically gone through several stages. Branding was actively used in the Middle Ages, when shop craftsmen marked their goods with a special brand [78]. This became necessary, as the population grew, and more than one smith, mason, shoemaker or carpenter appeared on the same territory. In some of the old cities in Europe, such as Salzburg and Rotenberg, recreants can still see authentic metal trademarks marking the workshops where the holders of these trademarks worked.

In 1266, English legislation officially required that bakers mark with their sign every loaf of bread, so that the weight of each loaf would match the claimed. In the early history of the United States, stamps were often used to identify cattle (cows, sheep), later they were used to mark the special quality of the goods presented by the owner of a certain farm, ranch [68].

As can be seen on the Fig. 4.17, brands are created mainly through various types of communication. Before forming a brand, it is necessary to have an idea, a brand concept. It should give consumers not only a primary satisfaction from the consumption of the product, but also a certain moral satisfaction.

That is, the idea of the brand is to give the consumer something more than just a product, when using the product, to give a sense of prestige and advantages. After creating an idea and a brand concept, you need to choose an oriented market segment and target audience, that is, to find your customers. After finding its audience and market share, it is necessary to establish manufacture of the product, services. After the production of ready to use goods or services, the result of the done work will be visible, that is, the first time the product should be recognized as a full-fledged trademark. If the actions to promote the brand are carried out successfully, the idea will be actually embodied in the brand and will bring more profit than the bare product itself. If the promotion of the brand is not successful, the brand will remain a trademark. That is, the product is possible and will be successful in promotion and will find its place in the market, but will not grow to the level of the brand. And in both cases, the moment of dying of a brand or product will come [69].



**Fig. 4.17** The process of branding as a marketing tool.

*Source:* [69]

Communication is all that helps convey meaning from one person to another or from a product or service to a consumer. Thus, communication can be a form of value or quality of a product or service. They can contain information about where to get a product or service, about packaging and about prices, etc. Brand communications can also include current users, imitators of which can become new brand consumers. In other words, brand communication is a complete set of benefits, values, ingredients, physical forms, formal or informal messages, etc., which together provide meaning and benefit to the consumer or potential client. Communication is any way that a brand and its essence affect a consumer or potential customer.

The greatest development of branding as a kind of specific activity was in the second half of the XX century, when a variety of goods and services of various manufacturers with a great degree of similarity appeared on the market.

Initially, branding was born in the consumer goods market and was adapted specifically for them. The concept of branding is based on the product and the concept of product differentiation, that is, giving it distinctive characteristics in order to gain advantages over its competitors.

If the product has differences, then branding does not have a decisive influence on its fate in the market: the consumer himself is able to determine the difference between such products. Really branding becomes necessary only when goods have imperceptible or imaginary differences (actual imaginary differences are created by them). In this situation, branding is just a lifeline. For each product, simple, clear, understandable labels are glued to the consumer: "expensive, but prestigious," "economical," "for beginners," "young and liberated," and so on [66].

To date, there are two main branding models in the world: Anglo-American (Western) and Japanese (Asian):

**1. Anglo-American model.** In the Anglo-American model, the brand is tied to a particular product, leaving the producer's name behind the scenes. The reason is the fear of transferring a negative image of one brand (in case of rejection of this product) to the entire range of the company's products. But such a strategy does not allow you to stretch already well-promoted brands (increase the number of products sold under one brand). Every new product has to come up with its own brand, that is, one of the main advantages of the brand is lost: facilitating the introduction of a new product by selling it under an already popular brand. In addition, this approach leads to an overabundance of brands (over branding), which drastically reduces the prestige of brands of well-known firms.

The creation of a new brand for a Western company is a long-term investment. In the early years, this requires huge investments, both in production and in advertising. And it is not at all necessary that the launch of a new brand will be successful. Only a few years after the addition of customers to a new product, the brand begins to make a profit. Then it turns into a "cash cow" that generates revenue and allows the company to launch new brands. In the West, many brands live for dozens of years, although the properties or composition of the product itself can change over time.

A typical classification of brands for the Western model:

a) related brands are names of goods in which there is a name of the manufacturer. For example, 'Heinz' produces "Tomato Ketchup Heinz", "Wrigley" – "Wrigley's Spearmint" chewing gum, "Nestle" – "Nestle Classic" chocolate;

b) brands of individual product lines;

c) umbrella brand.

**2. The Japanese (Asian) model.** Historically, after the active development of the market in the 50 – 60s of the XX century, when the price was the main factor in the choice of the goods, the Japanese buyers began to cherish the quality of products. First of all, it was guaranteed by large companies that invested money in scientific development, so the quality for most Japanese was associated with the size of the company. So, in Japan there was a unique system of branding. Japanese companies and advertising agencies refused to create "free-standing brands" and introduced their sub-brands system. Sub-brand – an additional line, a modification of the brand, designed for a more detailed segmentation of the market. The goals of creating a sub-brand can be very different: use the company's unloaded equipment, meet new needs, counteract competitors, take other price segments or achieve greater representation in the sales network.

In Japan, the life of the sub-brand continues as long as the product itself remains competitive. Since the corporate brand has already guaranteed quality, launching a sub-brand is not so expensive. The name of the companies ("Sony", "Panasonic") is already well-known to the buyer, guaranteeing the quality of the goods, and is like an umbrella for sub-brands that share product lines ("Sony Walkman" – players, "Sony Trinitron" – TVs).

The main value for Japanese companies is a high corporate image, not the image of individual brands, so their attitude to brands is fundamentally different from the Western one. In other words, the essence of Western branding philosophy is expressed in one word – diversification, Asian – centralization, unity [20].

Branding as the art of creating long-term consumer preferences for a certain brand in the Ukrainian consumer market began to develop in the late 90s. In the early 1990s, the then existing trademarks were discredited by the flow of low-quality products. The confusion in this area was also connected with the lack of publicly available information on the creation, registration and rights of ownership of the trademark. Therefore, branding (a combination of name, motto and words that distinguish a product from the similar group) remained the prerogative of an expensive import segment for a long time. But in the mid-1990s, everyone wanted to own their own brands, realizing that it was not just a commodity, but a whole myth with all the consequences. It is no accident that Western companies spend up to 70 % of their funds not on increasing short-term sales, but namely, on creating a brand. Because this is the way to soonest money return, but with a powerful flow [67].

The modern consumer market is a war of brands and advertising images for their place in the minds of buyers. This forced Ukrainian producers to realize the urgency of the problem of adapting the western concept of branding to Ukrainian conditions.

Ukrainian producers need a lot of effort and money to form their own brands in order to seize the initiative from foreign competitors who have long started an advertising campaign in Ukraine. The use of Western branding technologies and proposed methodologies provide for constant marketing research of consumer preferences, motives for making purchases. It is the specificity of consumer behavior of Ukrainians that determines the need to formulate a branding concept in the Ukrainian market. Mastering this concept, it is necessary to consider the following:

- the general level of brand recognition;
- due to the rapid saturation of the domestic market, consumers do not have time to form loyalty to a certain brand in connection with the constant appearance of new products that were not previously known;
- consumers have a growing distrust in the quality of foreign goods, especially food, and a clear preference for domestic food brands (with some single exceptions);
- for the creation of a brand in Ukraine, a powerful advertising campaign in the media and the active use of outdoor advertising are needed, although in the future the opportunities for the influence of advertising (primarily television) will decrease as a result of growing distrust of consumers;
- it is necessary to take into account national traditions and peculiarities of perception of advertising appeals by Ukrainian consumers and to form them in such a way that they become more pleasant than advertising messages of foreign competitors calculated on the perception of the population accustomed to the specific language of advertising; in particular, for Ukrainian consumers brand “personification” is important, that is the use of famous personalities to promote it [18].

Qualitative Ukrainian goods have prospects to become brands, but there are a number of negative factors that restrain the development of the branding concept in the Ukrainian consumer market. These are:

- insufficient development of marketing skills, absence of the principle of “brand management” at enterprises, skepticism of some managers towards Western branding technologies, despite the fact that they proved their viability and efficiency in our market;
- chronic lack of funds for marketing;
- some uncertainty of consumer orientation towards individual trademarks due to the fact that many domestic producers of food products continue to produce their products according to uniform recipes, approved by standards, under the same names, sometimes without proprietary packaging [72].

Traditional branding events are advertising on radio, television, promotion of goods to the point of sale, sampling, merchandising, the formation of their own dealer network (are designed to strengthen the

brand, its properties and personality at all stages of communication with the consumer), increasing the strength of the brand. If the goods are not able to satisfy the consumer, then even the most ingenious created for them brand is doomed to failure. Thus, branding is creativity based on deep knowledge of needs.

Brands can be classified by common, geographical and strategic features: product brand; corporate brand; brand "umbrella"; international brand; nation brand; pseudonational brand; regional brand; strategic brand; brand "level arm"; brand "star"; brand "cash cow".

As can be seen from the Fig. 4.18, by classification on common features the brands can be distinguished as following:

- a product brand (an individual brand) is a brand that refers to a single product with independent product names. A classic example of this approach to the formation and creation of a brand is Unilever. All its products have their own names: margarine "Rama", tea "Lipton", cosmetic line "Flowers of Russia", etc., and most consumers do not even suspect that such a variety of goods belong to the same company. Such a brand will be more effective in the consumer market. Within the framework of individual brands, it is possible to identify brands of individual product lines. For example, Johnson & Johnson Health Care Products sells a series of children's hygiene products under the brand Johnson's Baby, and a line for hair and skin care for adults under the brand pH5.5. Sometimes manufacturers thus share similar products from different price categories. In particular, the company "L'Oréal" under the eponymous brand sells cosmetics, aimed at women who have achieved success in life and attach importance to their image. And cosmetics under the brand name "Maybelline", also owned by "L'Oréal", is positioned in a cheaper price niche and is designed for young girls;

- a corporate brand is a brand related to the whole company. More common in the market of machinery, equipment, high technologies;

- brand "umbrella" — a variant of related brands. In this case, often stresses on the promotion of the corporate brand and its consolidation in the mind of the consumer as a guarantee of quality. The advertising of the company's products demonstrates its logo. This is what happens, for example, "Danone" (regardless of whether the magic "Magic" or "Danissimo" yogurt is advertised) or "Schwarzkopf & Henkel Cosmetics" (shampoo "Schauma" or hair dye "Palette"). The umbrella brand supports the company's products, allowing it to simultaneously maintain its individuality. The main benefits for companies using an umbrella brand structure are savings on marketing resources in the derivation of new individual goods, because the consumer have already known the basic umbrella brand well and has have a positive attitude towards its reputation and quality.



**Fig. 4.18** Classification of brands.

*Source:* [33]

By classification on geographical features the brands can be distinguished as following:

- International brands – brands promoted by transnational corporations and using global or local advertising strategies in their communications.
- Nation brands. If speaking about nation brands in Ukraine the leading positions belong to such brands as "Roshen", "Nemyriv", "Obolon", etc.
- Pseudo-national brands are such brands that have a positive image in the formation, since the name and style are developed specifically for an orientable country for promotion on the national market, a successful method of penetrating the market to foreign companies and obtaining a high investment attractiveness.
- Regional brands are brands that are developed and are popular in a certain region of the country.

On the strategic role of the brand within the company's portfolio:

- The strategic brand is developed with the purpose of domination in the market and reception of high profit in the future. The development of a strategic brand is the building of the company's future prosperity. A brand that has already dominated in the company's portfolio, and a small brand, behind which a great future is seen (an innovative product, a unique consumer niche, a new approach to marketing) can be a strategic brands.
- Brand "lever arm" is designed to influence its properties on the main business sector of the company, promoting its expertise (knowledge, quality, features) to the target consumers. Such a brand should be Visa-AlfaMobile, aimed at forming a stable consumer loyalty among motorists (most of potential users of Visa cards are motorists) by offering a combined service – high-quality financial services combined with a system of benefits and opportunities.
- Brand "star" positively affects the image of another brand. As a rule, this is the mother brand. An example is a product known under the IBM ThinkPad brand. This innovative product at some stage formed a sig-

nificant increase in the level and quality of perception of the corporate brand "IBM" by target groups.

- The brand "cash cow" provides the company with an opportunity to invest in the previous three types of brands and to receive at the same time a profit. As a rule, it is a brand with a well-established consumer base, requiring less investment. Keeping the core of a loyal consumer group, this brand is most effective for the company, even with some decrease in sales volumes [33].

The essence of branding is a clear delineation of products (companies, and even people) and the creation of a unique proposal that someone should like. After the unique offer has been created, the brand should help to identify with a product a certain set of desirable qualities and features. However, sometimes companies are too addicted to the image, while the key value of it has already lost. The basic marketing goals of branding include next processes: the creation, strengthening, positioning, repositioning, updating and changing the stage of the brand development, its expansion and deepening.

Branding is inherently a revolutionary concept. Therefore, it is necessary to consider branding as a new basis for managing marketing in general. The proven effectiveness of this approach to marketing management allows, based on the principles of branding, developing a communication marketing concept [35].

To the basic principles of branding, ensuring its effectiveness in the process of marketing management, it is appropriate to include:

- Principle of leadership in the category. A well-developed brand is one of the leaders in the market or in terms of the number of customers (the number of buyers of a brand depends on the number of consumers who know the brand), or by the amount of profit (a number of consumers of branded products may be less than of unbranded, but due to the difference in price consumers of branded goods bring a greater income).

- The principle of ensuring long-term and investment reliability. A well-developed brand has a long-term perspective and is a reliable investment. An example is toothpaste Blend-a-med. It should be noted that the leading position of this toothpaste could not shake by the 1998 crisis, while the share in the competitor's market (toothpaste Fluorodent) decreases every year. This trend will continue providing the stable economic situation in the country.

- The principle of resistance to the lack of communication support. Consumption of the developed brand against the background of the termination of the advertising campaign falls very slowly – about 2 % of consumers of this brand for the purchase cycle. Undeveloped brands lose more than 10 % of consumers with the termination of advertising support.

- The principle of minimizing the specific costs of mass communication. Specific costs for mass communication (primarily for advertising)



for a developed brand, when it has already launched on the market, are much less than for the undeveloped.

- The principle of uniform perception of the brand. One of the characteristics of a developed brand is the uniformity of the brand description that consumers give it. That is, all consumers in the market buy this brand for a reason that communicates in mass communication. The degree of monotony of subjective assessments of consumers characterizes the clarity and integrity of communication associated with the brand. In addition, it is necessary to strive for a situation where the brand name could be used without the name of the product (for example, there is no need to say "Coca-Cola drink", and so it is clear what it is).

- The principle of strengthening competitiveness. The consumer can not simultaneously remember all the brands represented on the market. In any market of consumer goods, there are five or six developed brands that are well remembered for consumers. At the moment, the Ukrainian market in most categories of goods of mass demand is filled with a maximum of two or three positions.

- The principle of increasing profitability. A large profit at a relatively equal cost of goods of mass demand. This fact is due to the development of scientific and technological progress – the equipment on which at the moment most of the mass consumer goods are produced so technologically that it does not allow making goods that differ significantly in quality from each other. Raw material plays a big role in the quality of goods, but, given the trend towards globalization of markets, raw materials are increasingly concentrated in the hands of several large players in the market.

- The principle of the relative price of the brand. The brand costs several times more than non-branded goods regardless of its real cost price. The price of a developed brand is a function of communication – the better the consumer will perceive the packaging, name, advertising materials, the more emotional benefit he will receive when buying such a product, the more he will be willing to pay for it.

- The principle of expanding opportunities for profit. A well-developed brand allows you to get additional profit, not related to direct sales of your own product.

- The principle of the availability of additional opportunities for promotion. The developed brand has additional opportunities to promote the brand (sponsorship, product placement in TV programs, etc.). The consumer learns the developed brand wherever it is presented, while the unknown brand has a great chance to go unnoticed, even if it were presented to a million audiences.

The principle of the formation of loyal consumers. A well-developed brand has a pronounced customer loyalty. At present the following reasons for this loyalty are known:

- Awareness of the developed brand on the part of the consumer, that is, the consumer knows or believes that he knows where, by whom the goods are produced, if this product has a certain type and name.

- Shifting responsibility for the quality of the goods to the manufacturer, that is, if the consumer once tried this product with this name and the quality of the goods suited the consumer, then he will expect to receive the same quality at the next purchase. The presence of loyal consumers is a prerequisite for the development and retention of the brand's position [80].

Positioning serves as an interpreter of "internal" declared brand values into the language of external communications with consumers. Effective positioning allows you to accurately formulate the content of the brand's core identity, focus marketing communications activities on the key benefits of consumers, and effectively develop external brand identifiers. Brand positioning is: competitive positioning; positioning in the eyes of consumers.

Using the principles of branding in the process of marketing management allows increasing the efficiency of entrepreneurial activity qualitatively.

Summing up, we can draw the following conclusions:

- Branding as a process is associated with the creation of a long-term preference for a particular product, which should be based on a joint enhanced effect on the consumer of the trademark, packaging, advertising appeals and other elements of advertising, united by a certain idea and uniform design, distinguishing the product among competitors and creating its image.

- A branded product can be sold more expensive than an unbranded product of a similar quality.

- Firms with a brand are easier and cheaper to penetrate new markets than their competitors who do not have a brand.

- The principles of branding allow us to develop a communication concept of marketing as a separate enterprise, and the region (country) as a whole.

In the era of globalization, which erases national and cultural borders between states and represents the time of global corporations and global brands, the need to have their own unique image is greater than ever. This is explained by the fact that any territorial formation is connected by a multitude of communication channels with other territories – transport, communications, finance, energy and many others. Sources of survival of the territory are now external receipts. Consequently, it is they form today the effectiveness of the life-support process of a city or country, not only using fully internal resources, but paying great attention to external – attracted from outside it.

The essence of the brand as a communication tool is that it helps to fix the emotional space of the city in verbal and visual forms. That is, to fix

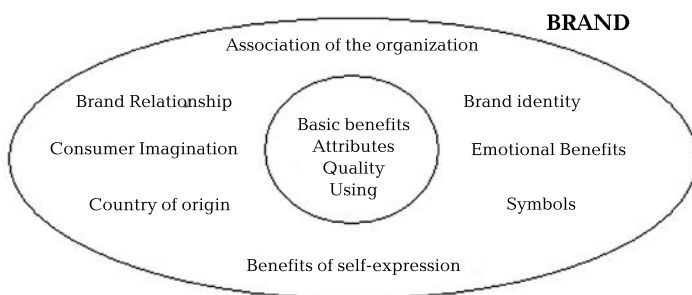
the emotional space so that the results of branding can be used in the most diverse spheres of life in the city. It is extremely important to distinguish between the functional and emotional space of the city [28].

The brand value reflects the aggregate economic benefit that the company can receive in the form of additional revenue generated through the use of the brand. The sale of products using the brand helps both to increase the average cost per unit of product (in comparison with exactly the same products that do not have a brand), and to obtain additional revenue by selling additional units of the product. It is impossible to reliably assess the brand's contribution to the company's revenues, therefore, when evaluating the brand value, a number of analytical assumptions are used, which allows us to speak about expert evaluation rather than real cost.

The accompanying attributes involved in brand communications and reminiscent of the brand (product) include: discount cards, plastic bags with brand symbols in supermarkets, souvenirs, etc. [73].

All attributes of a brand are important in branding. When the consumer contacts the attributes of the brand, the brand is formally separated among similar products, the emotional and rational components of the brand are manifested. Therefore, the brand attributes should not so much please, as to convey to the consumer the reasons urging to acquire a brand, i. e. demonstrate the promises and values of the brand.

As can be seen from the Fig. 4.19, the attributes of the brand are ways of expressing the brand, its external form, according to which the consumer perceives, remembers and recognizes the brand. The task of brand attributes is to be the personification of the value that is embedded in the brand.



**Fig. 4.19** Layers of the brand.

*Source: [29]*

Brand attributes are:

1. Brand name (brand naming).

The name is one of the most important attributes of the brand, constantly working on its formation and development. The name of the brand is the main sign by which the consumer makes the brand out of the mass of

others, and participates in any kind of brand communication (writing, pronunciation, and image).

## 2. Brand symbols (trademark, logo, and font face).

Symbols of the brand are important attributes, the purpose of which is to promote differentiation and formation of brand identity, creation and consolidation of persistent associations in the perception of the brand by consumers.

## 3. Brand slogan (motto).

The slogan, as an attribute of the brand, briefly and capacitively describes in one phrase the main competitive advantage of the brand (or a particular product), conveys the principles and strategy of the company. A successful slogan forms the image of the brand and the attitude of the consumer to it, and also carries the main advertising information about the brand.

## 4. Color combinations (corporate color) brand.

The constant commitment of the brand to a certain color (color scale) as an attribute of the brand allows increasing the impact on the target audience, to further distinguish itself from competitors. The color combinations of the brand must be present everywhere (in the logo, packaging, interior decoration, personnel form, etc.) and emphasize the main advantages of the brand.

## 5. Corporate character (corporate hero) of the brand.

The corporate character, as an attribute of the brand, embodies the brand identity, allows it to "revive", make it close and understandable. The corporate character often becomes the main protagonist of most advertising campaigns and another "visiting card" of the brand.

## 6. Music and sounds as brand attributes.

In branding, music is becoming increasingly popular as a sound attribute of the brand, in the form of various miniature music pieces: hymns, songs, melodies, jingles, etc. Use of musical work in commercials, phone calls, celebrations, etc. serves to increase brand awareness, even when the visual attributes of the brand are not visible, gives the brand an additional emotional coloring.

## 7. Related attributes of the brand.

Management in the resort business is very specific than in a conventional enterprise. And in order to develop a successful concept of resort branding, we need to understand all its features [29].

The first feature of resort lies in the great depth of its penetration and the complexity of the interrelationships between its constituent elements. Most of the resort enterprises are small. Large resort enterprises are created only in densely populated areas. In the resort industry, many resort enterprises and organizations that somehow should fit into a single regional management system, where the goal is to ensure long-term capacity and competitiveness in the market.

The next feature of resort business is the strong influence from the interested clientele. Each resort enterprise operates in the environment of

various stakeholders and customers. Resort organizations work with a large number of stakeholders who exert a strong influence on the organization. In addition, there are interests within the individual interest groups. The travel agencies cannot expect from their participants that they will all behave in the same way, because there are certain kinds of contradictions between the owners of hotels, local residents and visitors to recreants [61].

A travel agency can more quickly balance interests among the different groups involved in the service process if it follows the generally accepted norms, priorities and notions of values in its activities and has large-scale goals for the further development of the region.

The most important feature of resort enterprise as an object of management is the specificity of the recreation product, its inseparability from the source of formation. Resort service is inseparable from the source of creation. For this reason, in the management of resort immeasurably more attention should be paid to the management of personnel and the regulation of interpersonal relations. This, above all, refers to the work of resort enterprises, whose services are provided by direct contact with people.

Resort business has a great influence on such fields as economy, ecology, politics, which, in turn, affect resort [73]. Resort territories have a profit from the guests. Very often, at the initial stage of resort development, various facilities are developed at the expense of recreant's funds. But at the same time, recreants create high congestion of roads, leave a lot of garbage, and highly exploit local nature.

Specificity of the resort product is related to the specificity of recreants' demand, which is not homogeneous, due to three main reasons:

1. The intangibility and non-conservation of the resort product. The intangibility and non-conservation of the resort product. Resort service cannot be seen at the conclusion of the contract, tried as a product to taste. The difficulty in the work of the resort company manager is to convince the buyer of the advantage of this particular service, because the quality of the resort product varies very widely and depends not only on the suppliers, but also on the time and place of supply.

2. Variety of consumers of resort services. Different categories of recreants differ in the purpose of travel, their requirements for resort services, as well as the price they are willing to pay. Each type of recreants corresponds to a certain type of resort market.

3. The high importance of social factors, among which the most important are:

- the economic situation in the country;
- ecology of the resort region;
- social factors: living and working conditions. A democratic society with a socio-market orientation of the economy has a profitable effect on the development of resort territories. Such a society can also be

called a consumer society, a mobile and educated society. Demand for resort services in a society of this type is particularly high;

- the level of education. The higher the average level of education in society, the more its members value rest and the opportunity to get to know new and unknown;
- free time. The amount of free time that the recreants have, accordingly affects the choice of their resort services [78].

The next feature of resort as a management object is expressed in the complexity of the resort service, which includes everything that a recreant takes into account, or, what he uses when traveling. It follows that the resort service is formed for the recreants from a whole range of services (tangible and intangible), which are a specific resort product.

Finally, as a feature of resort should be allocated its seasonality, i. e., the dependence of the volume of resort services primarily on the natural and climatic conditions.

The peculiarities of the resort industry as a management object point to the fact that managers of resort business must take into account the fact that this industry is completely different from other industries, and therefore it is impossible to mechanically transfer operating time or management models from other spheres of labor activity to the field of resort. And if a model of management, justified in practice (for example, by an industrial enterprise), gives the necessary effect, its application in a resort industry can lead to degradation of the latter [21].

Since the resort business is an important factor in the development of the regional economy (capital inflow, provision of jobs, development of the region's infrastructure, etc.), local authorities should pay more attention to its development – to attract budgetary funds and investments, to take care of creating the image of their region. That is why, for us it is very important to study the conceptual basis of branding and learn how to apply it in practice for the development of resort territories in Ukraine.

In order to understand the role of branding in the development of resort territory, let's first understand what is resort territory and how to manage it. Resort territory is the decisive element of the resort system. It can be described as a region with all sorts of amenities, facilities and services to provide all kinds of recreants needs. In other words, the resort territory includes the most important and decisive elements of resort, which are necessary for recreants. The resort territory and their image attract recreants; motivate the visit, thus activating the entire resort system. Now resort territory is a geographical area that has certain boundaries that can attract and satisfy the needs of a fairly wide group of recreants [74].

In order for the territory to be a resort ones, it is necessary to fulfill the following conditions: availability of accommodation, food, entertainment (there should be a certain level of service quality) and a highly developed transport system on this territory; the presence of resort attractions (the

presence of an attractiveness factor is one of the main factors of competition between resort territories, therefore, there must be a certain zest for attracting a recreants to the resort territory); availability of information (for example, global information systems "Amadeus", "Galileo", "Worldspan", "Saber") and communication systems, as it is a necessary tool for informing the resort market about resort territory [19].

Each resort territory has its own characteristics, but there are four common ones.

1. Resort territory is a collection of the following components: a resort resources (natural wealth or man-made, that is what encourages a recreant to rest); convenience (accommodation, food, entertainment, as well as retail and other services businesses, such as banks, exchange offices, hairdressers, medical enterprises, that is all that not only provides shelter and food, but also creates a general feeling of hospitable reception of recreants by this territory); accessibility (the distance of the resort territory from resort markets makes them vulnerable to declining demand, since it is possible to reach such resort territory only by long vacation. Therefore, the development and maintenance of efficient transport links with resort markets is essential for the success of the resort territory. But for recreants it is important not only physical accessibility, external transport links with it, but also the existence of developed internal transport links. In other words, services such as car rental, local transport and transfers to resort territories); support services that provide services such as resort territory advertising, coordination and management of its development, provision of necessary information and services to the population and organizations for reservation, provision with equipment (catering, sports, etc.), provision of resort territory by the management personnel.

2. Resort territory is a cultural value: visitors should consider the resort territory resources and deserving of the time and money spent on recreation. Thus, it is important to keep the conditions of the resort territory different from the usual "home" conditions with the help of good design and management to avoid the development of a "unified resort landscape".

3. Resort territory is inseparable. A resort product is consumed where it is directly produced, and recreants must be physically present on the resort territory in order to experience it. It should be noted that the processes of production and consumption of a resort product coincide not only in space, but also in time, i. e. Resort territories cannot be stored for future use (hotel rooms, medical treatment, etc. cannot be postponed to the "off-season" for their subsequent sale). Thus, seasonality of resort territory is the most important problem, as it reduces their profitability and makes them ineffective from the point of view of using the main means of resort territory. For seasonal resort territories, peak season (3–4 months)

should bring the main contribution to covering fixed costs that are payable during the year.

4. Not only recreants but also other people use the services and amenities of the resort territory: local residents and employees of this resort territory. Thus, the enterprises of resort territory cannot be oriented only to local residents or only to recreants, they should be guided by those and others [54].

Important is the concept of "life cycle" development of the resort territory, which lasts an average of at least 20 – 25 years. Conditionally, we can distinguish eight phases of development of resort territories.

1. The pre-resort phase. In this phase attractiveness of the resort territory is that it has not yet undergone changes under the influence of recreation.

2. The growth of the number of recreants during this period reacts to the business sector, i. e. the beauty of the untouched nature and the culture of resort territory begin to attract recreants, and as a result, the foundations of the resort infrastructure are formed.

3. Promotion of local authorities are beginning to make efforts to ensure the rest of recreants and advertising resort territories, which is the result of a steady increase in recreant flows. As a result, the resort market is being formed, thus, the business sector faces the task of providing the resort territory infrastructure. The policy of actively promoting the resort territory in the market is being pursued, resulting in a further increase in the flow of recreants.

4. Investments in resort infrastructure cannot cope with the volume of recreant arrivals.

5. Creation of new jobs at the resort territory makes additional workplaces for different employers from other regions and even countries. As a result, conflicts between them and local residents has begun (social, environmental, economic problems arise). This resort territory is no longer fashionable and becomes, like the rest, unified.

6. Reducing of the resort flows. Recreants want to visit interesting, unusual places, rather than typical resort territories.

7. Means of service are practically not used (for example, the sanatoriums are empty) and, as a consequence, incur losses.

8. Discounts, a new pricing policy or a new idea for the development of resort territory search or create a new attractiveness factor [60].

A key condition for the successful development of resort territory of any rank, bearing in mind their significant determinism by the factors of the internal and external environment, is the adherence to global trends, reasonable borrowing of positive service practices and constructive national-state policy.

At the heart of the resort territories competitiveness management system is a quality resort product, which is the main objective of the resort



territory competitiveness management system functioning, and all managerial decisions should be evaluated from the point of view of their influence on this indicator.

The model of integration of the interrelated functional blocks of managerial activity (education, research and development, economic and legal support, resort territory marketing) into a single independent economic productive process that creates competitive advantages of resort territory through management decisions is the basis for the formation of management of the competitiveness of resort territory [4].

Thus, the management of the resort territories' competitiveness is managed through the management of competitive advantages, each functional unit of which contributes to its creation.

An integral element of the mechanism for managing the competitiveness of a resort territory is the mechanism of formation of the competitive advantages of resort territory. The mechanism aims to maximize the competitiveness of the resort product and meet the needs of the population by optimizing the distribution of resources in the resort industry on resort territory, suitable for their volume and structure of social needs. The mechanism emphasizes the structural interaction of functional components (a block of forecasting, planning, organization, monitoring, analysis and control) that allows improving the interconnection of system elements, provided that positive effects of external and internal factors are reinforced [34].

The resort territory management system should cover various hierarchical levels (the environment of resort territory, the internal environment of resort territory, travel agencies, social groups, workers), using conceptual approaches that reflect the nature of the inclusion of subjects at different levels in the formation and development of secondary competitive advantages and the degree of independence and self-sufficiency of resort territories.

1. Secondary competitive advantages are formed as a result of the use of the existing resort territory infrastructure created by public institutions and subjects of the business environment of resort territory. In this case, the resort territory minimizes the costs of achieving the desired competitiveness and focuses on the effectiveness of resources used to create priority for resort territory of secondary competitive advantages. Inside resort territory, the management concentrates on the rational use of resort territory resources, improving the methodological support for development management, which makes it possible to make maximum use of the resources used for the purpose of improving the quality of the resort product. With this approach, with rational management it is possible to provide adaptation to changes in the external environment, survival and effective current functioning, i. e. Increase the competitiveness of the resort product.

2. Secondary competitive advantages necessary for the development of resort territory are generated by public institutions and subjects of the

business environment of resort territory on the basis of regional and interregional contractual relationships. Together, material and intellectual resources are formed, information is produced, and development strategies are implemented. This approach for resort enterprises in particular involves horizontal or vertical cooperation with industry or regional partners for joint economic activities to create a specific service (or its delivery). Within resort territory, the authorities and management form all the necessary structures and form a unified system of competitiveness management. This approach requires significant investment, but it creates prerequisites for the implementation of the market leadership strategy. The intellectual and economic independence of resort territory is also increasing, its competitiveness is increasing, and resort territory receives a larger share of the market. This approach can be based on the identification and systematic development of intra-regional resort clusters [23].

The strategic objectives of the development of the recreational and resort complex of Ukraine are: increasing revenues from recreation; increase in the resort flow to the region; improvement of financial and economic indicators of the industry; growth of resort incomes; expanding the range of goods and services; reduction of fixed costs.

To achieve the development goals, it is necessary to implement the following measures: measures to reorganize the management apparatus; Measures to optimize the structure of the industry; Activities to improve the quality of services and their differentiation; An event to find additional funding; Activities for the financing of regional resort territories; Events that provide marketing research in the direction of developing new products for recreants; Measures to reduce fixed costs [81].

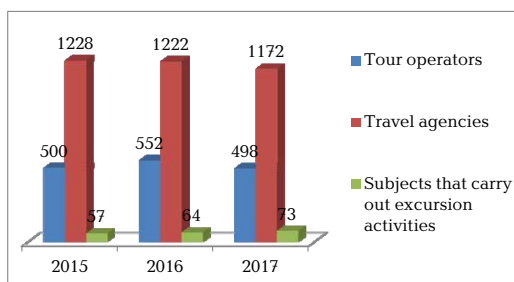
An integral element of the mechanism for managing the competitiveness of resort territories is the mechanism of formation of the competitive advantages of them. The mechanism aims to maximize the competitiveness of the resort product and meet the needs of the population by optimizing the distribution of resources in the resort industry on resort territories, suitable for their volume and structure of social needs. The mechanism emphasizes the structural interaction of functional components (a block of forecasting, planning, organization, monitoring, analysis and control) that allows improving the interconnection of system elements, provided that positive effects of external and internal factors are reinforced.

Therefore, the concept "brand" is considered as a tool to enhance the strategic competitiveness of goods and services by maximizing their competitive advantages and adaptation to the expectations and needs of consumers [22]. That is, we can use branding as a means of increasing the competitiveness of resort territories. We'd note that by developing resort territories on the brand level, we will not only attract more recreants to resort territory as a whole, but will also strengthen our positions in the resort market.

#### 4.4 Brand modeling of tourism enterprises

The globalization challenges of the world economy require new approaches to tourism company brand formation, as it also affects the formation and perception of the country's national tourism brand. To do this, it is necessary to simulate a brand that clearly responds to the company's mission and its position in the travel services market and the needs of consumers. Since the brand is an intangible asset of an enterprise that forms the first impression of the consumer on the expected satisfaction of their needs, enterprises must determine the main strategic directions of its development, assess the benefits, expand prospects and, most importantly, guarantee the quality of services received by the consumer.

The issue of forming a positive brand, given their significant number in the tourist market of Ukraine, is extremely important for tourism enterprises. The number of tourism enterprises remains significant, despite the fact that for the last three years, their number has decreased by 2.4 % [55]. Travel agencies, whose employees are in direct contact with the consumer, are dominated in total number of tourism enterprises (Fig. 4.20).



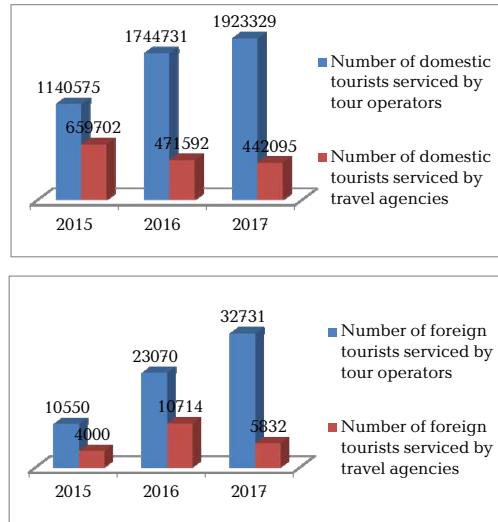
**Fig. 4.20** Number of subjects of tourist activity in Ukraine.

*Source: Built by the author according to [55]*

At the same time, tour operators served 4.4 times more tourists than agencies only in 2017 (Fig. 4.21). Positive impression of the received services is formed not only by travel agencies, but also by tour operators who create a tourist product, sell it and provide a tourist service. Thus, not just enterprises compete for the consumer, but also their brands. One of the factors influencing the competitive position is the number of subjects of tourism activity that operate in a particular region.

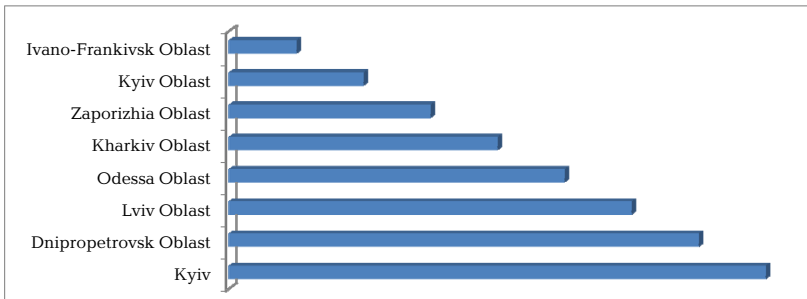
Kyiv has taken the first place by the number of tourism activities subjects and tourist services incomes in Ukraine, its share of income was 94 % in their total amount in Ukraine [55]. The enterprises of Lviv, Ivano-Frankivsk and Odessa oblasts have followed then. Their share in the total volume was

2.1 %, 1.5 % and 0.8 %, respectively. It was less than 0.3 % in all other regions (Fig. 4.22). Thus, the geographical location of the region is important in addition to the number of subjects that provide tourist services.



**Fig. 4.21** Number of consumers served by tourist enterprises during 2015 – 2017.

*Source: Built by the author according to [55]*



**Fig. 4.22** Ranking of regions by the number of tourist activity subjects in 2017.

*Source: Built by the author according to [55]*

Brand modeling with industry specifics remains relevant taking into account the degree of environment influence on tourism business development in general and enterprises in particular.

The brand modeling process consists of certain successive stages, which include researching the tourist services market and its competitive

environment, studying the needs of consumers and their requirements for existing brands. The brand must be an integral part of the tourist enterprise and the final one in shaping its positive image in the minds of consumers.

First of all, to create a successful brand, it's worth paying attention to other brands that are present on the same market segment. This will avoid repeating an already existing brand on the market and allowing you to take into account mistakes of competitors, and may lead to an original idea.

Brand formation includes several stages [39]:

- *Brand position determination in a particular market segment* is the place of the tourist enterprise brand in relation to the brands of competitors in the minds of the consumer. The advantages of competitors over the price, range and quality of a product (service) are analyzed. Marketing research is conducted on consumer expectations, which are used *to determine the strategic brand directions*, which is the next stage in its formation.

Following factors are taken into account determining these *directions*: the qualitative and quantitative composition of the target audience; means and tools for attracting their attention to the brand of the enterprise; expected impression of the target audience from the brand (uniqueness, originality, uniqueness and dissimilarity with existing brands). Company's management can engage specialized branding and consulting companies to create a successful brand, or conduct a survey of the target audience of potential customers regarding their expectations.

- An important step is *to create brand name or naming*, since it is often associated with the name of the company. In addition, it is necessary to take into account the positive perception of brand content, namely: easy to remember; to pronounce; be pleasing to hearing; the linguistic traditions of the country where the enterprise will be represented [3].

It is necessary *to test* brand on the account of consumers' relation to its name, image, design, communicative and perception of its advantages by the target audience, to explore the reaction of competitors to the emergence of a new brand. The cost for brand developing and testing depends on the length of its life cycle. The longer the life cycle, the more efficient the costs can be, since the unit cost in this case will be reduced. The life cycle of most brands exceeds the life cycle of a product (service).

After launching a brand into the market brand tracking is used, that is, evaluation of brand awareness, its popularity, image, usage, consumer perception in the market of tourist services. The degree of brand potential and its value are measured in this way. The number and composition of representatives of the target group, namely consumers of tourism products (services) involved in the study, are determined for the purpose of obtaining reliable and representative information. In order to ensure the

effectiveness of this process research can be conducted in two stages: on the eve of an advertising campaign to launching a new brand into the market and two weeks before its completion, as well as at each stage of the advertising campaign [2].

If deficiencies are detected, that is, if the results do not meet expectations, it is necessary to return to the re-evaluation of the project, the elimination of deficiencies, the creation of a new brand and its key elements.

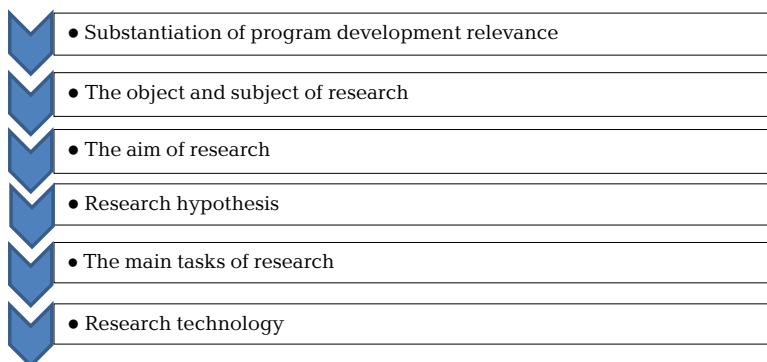
After a positive evaluation of the tourist enterprise brand effectiveness, it should proceed to the last stage — the state registration of brand attributes. After this procedure the introduction of a company brand into the tourism market is carried out by informing consumers and partners using the guidance of marketing tools [24].

Questions about the role of the state in regulating the process of brands registration and giving them certain advantages over unregistered brands is becoming more and more relevant with the development of society and the growing influence of brands on enterprises. The need to register brand attributes, namely logos, slogans, domain names, etc., is recognized by many enterprises, but now there are enterprises that do not have registered brands [5, 11].

World experience in the legal approach to brands differs from domestic practice. Legal protection is granted not on the fact of company brand registration, but on the fact of its first use in countries such as the United States, England, Canada. That is, any mark used in economic activity has legal status. If disputes arise between the owners of similar brands, such issues are resolved in court. For example, in France, Germany, there is a system by which brand protection is granted on the fact of its registration. Brand registration is not the main procedure for many foreign companies. It is used only to alert third parties that it exists. According to the author, foreign practice is not appropriate, since brand registration and its legal protection are extremely important factors for its successful and perspective use by the enterprise.

After analyzing the legislative framework of Ukraine, the Republic of Belarus and Kazakhstan, it should be noted that in these countries brand registration procedure is almost identical. It consists of submitting the application and all necessary documents for brand registration, conducting a brand search for similarities with brands of other companies, paying state fee and obtaining a certificate.

Imperfection of legal framework for brand registration has been identified according to study results of current Ukrainian legislation in the field of intellectual property. According to the Law of Ukraine "On the Protection of Rights to Marks for Goods and Services" a mark, trademark, trade name, logo, etc., i. e., only individual elements of the brand are subject to registration [46]. The scheme of developing a program of registration of a tourist enterprise brand is presented in Fig. 4.23 [40].



**Fig. 4.23** The structure of a tourism company brand registration program.

1. *Relevance of research.* Enterprises do not pay enough attention to their brand formation in conditions of domestic tourist market saturation. Brand is a set of visual and psychological characteristics that determine the consumer's attitude and his loyalty. The enterprise should have such a valuable asset as an officially registered brand belonging to this company in order to form a stable relationship with potential users of travel services and partners. All this determines the relevance of the introduction of a tourism company brand registration program.

2. *The object of research* is the process of formation and use of the brand in tourist enterprise activities.

3. *The subject of research* is a theoretical, methodological and practical basis for registering a tourist enterprise brand.

4. *The aim of the program* is to create an effective mechanism for registration of a tourist enterprise brand to ensure their competitiveness in the tourism market and positioning their activities in terms of awareness, as well as consumer confidence and loyalty.

5. *The research hypothesis* consists of a set of theoretical positions, according to which the development of a tourism enterprise is determined by the ability to distinguish between competitors, as well as the presence of additional characteristics that form long-term relationships with consumers. A brand should be the main additional characteristic that will shape the tourist enterprise image as a reliable, high-quality, profitable and highly skilled travel services provider, known in its segment due to its well-established image and comfortable aura.

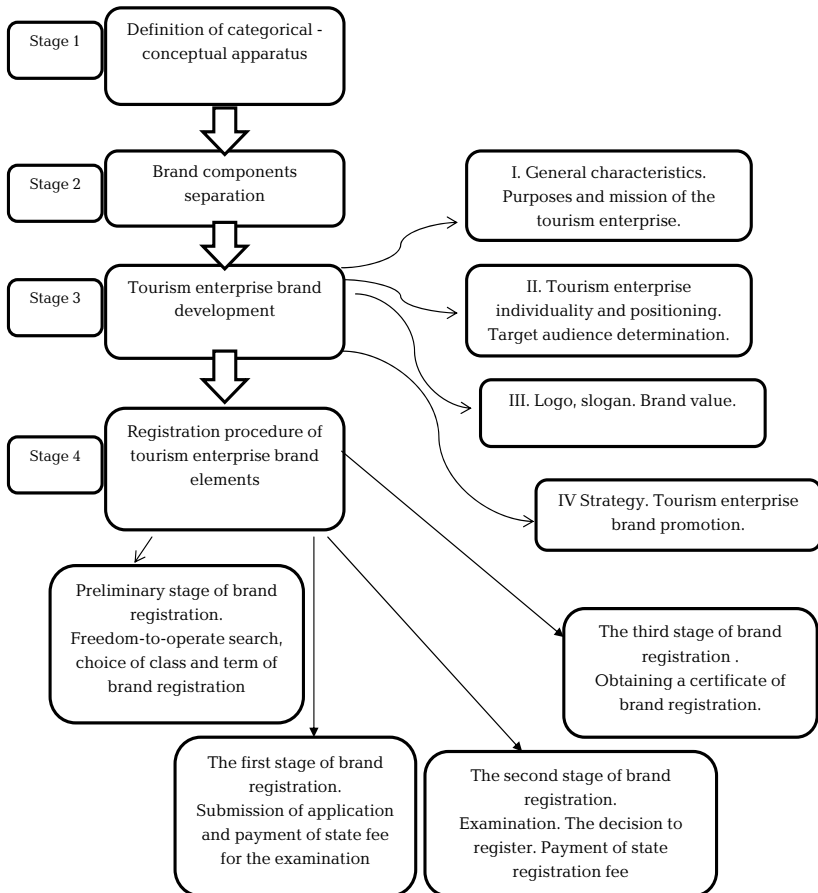
6. Aim achievement is provided by solving *the main tasks*, namely:

- development of a plan of action for tourist enterprise brand formation, ensuring the effective use of new technologies;
- determining the conditions for brand introduction and registration on a tourism enterprise;

- increasing the tourist enterprise image through the brand introduction;
- increasing the tourist enterprise brand competitiveness level.

7. The research technology is proposed to use by tourism company without an existing registered brand to identify important aspects of its activities – the need to introduce the brand as an additional tool for improving the competitiveness of the tourist enterprise, understanding the mission of the enterprise and its main goals, etc.

The technology is conventionally divided into stages, the sequence of which is shown in Fig. 4.24.



**Fig. 4.24** Research technology.

*Source: developed by the authors*



*Stage 1. Definition of categorically-conceptual apparatus.*

A brand is a vision of a product (goods, service, enterprise), its image, as well as a set of characteristics (quality, awareness, value, etc.) and attributes (logo, slogan, mission, concept, audio and video materials, etc.), which add value to the product.

The brand is created and synthesized from the following independent concepts of intellectual property objects: a mark (trademark, service mark, logo, corporate identity, industrial design, invention, utility model, topology of integrated circuits) and psychological factors such as: human imagination, memory, special positive associations, customer loyalty, the amount of human experience in the perception of the enterprise and its products.

Branding is the creation, development and maintenance of a permanent link between the brand of an enterprise (or a separate service/product) and a strategically important group of consumers, through a stable and reliable set of differences that involves constant high quality and satisfaction [2].

Brand registration is the official recognition and confirmation by the state of the occurrence, transfer or termination of brand ownership by entering the brand information with patent freedom-to-operate into the Unified State Register to ensure the legal brand protection.

Registration procedure is the established form of registration of documents during the state registration of the brand.

Patent freedom-to-operate is a legal property of an object, consisting in the fact that it can be freely used in a given country without the risk of violating patents of exclusive rights acting on its territory and belonging to third parties.

Legal protection of a brand is a legal property of an object that arises during the brand registration and provides it with legal protection against unlawful use and violation of copyright [5].

*Stage 2. Brand components separation and their main ideas definition.*

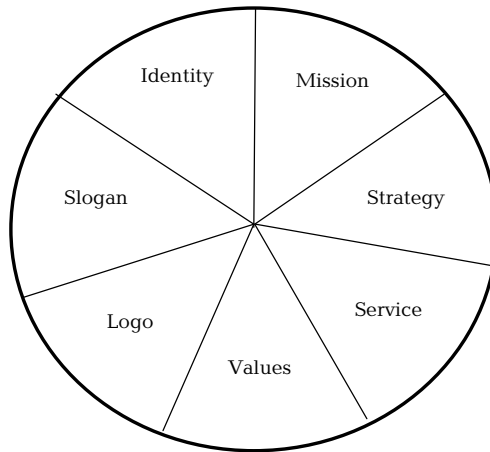
Taking into account the fact that a tourism enterprise should have a complete image in the minds of consumers during its brand creation, brand characteristics shown on Fig. 4.25 should be highlighted.

*Stage 3. Tourism enterprise brand development (on the example of a travel agency in Mariupol) [45].*

*Description of the tourism enterprise.* The travel agency provides its visitors with the opportunity to know every corner of the world thanks to a variety of interesting tours programs for selected resorts.

The Ukrainian tourism services market is quite saturated. There are two types of tourism companies operating on the market – tour operators and travel agents, the difference between which is that tour operators create a tourist product, and travel agents are mediators in the sale of tourist products. The travel agency can cooperate with several tour operators depending on their profile in the regions of the world. In the case if the tour operator does not have a tourist product that is interesting for consumers, then the

task of the travel agency is to find such a tour operator, who will create the corresponding product.



**Fig. 4.25** Characteristics of a tourism enterprise brand

*The purpose of a tourist enterprise* is to be a leader not only in the local, but also in the international market of tourist services.

*Mission* is to expand the boundaries of its activities, enter and get entrenched in the new regional tourism market. The purposes and objectives of the brand are determined by the marketing goal that the company provides:

- access to new regional tourism services markets;
- formation of a new client base.

*Positioning from the point of view of the potential consumer* is inexpensive, but high-quality and competent service with a careful approach to the requests of each consumer.

*Target audience:*

- students and teachers who often travel;
- owners of enterprises, middle management;
- other citizens of Ukraine and other countries.

*Individuality* is quality service, reliability and professionalism.

*Positioning of a tourism enterprise* is unique and qualitative services. A good company for a great holiday.

*Strategy.* Improved tourism company services will include new types of recreation, namely:

- ecological tourism, also known as travel and adventure tourism (wildlife trips, safari, fishing, hunting, diving, snowmobiling, rafting, trekking, cycling, etc.);

- event tourism (visits to well-known traditional annual events such as the Oktoberfest in Munich, carnivals in Brazil, Venice, Nice, sports events as Formula 1, Olympics, world and Europe championships, major cultural events, music festivals, etc.);
- formation and implementation of new programs, such as diving, incentive, wedding, children's, student tours, etc.

In connection with the above, the slogan and logo of the company are changing.

You must take into account the color gamut when creating a logo. According to the results of the research of G. Flirring and K. Auer, [30] who proved that there is a direct correlation between the color and the psychological characteristics of people, the colors are classified by psychological influence on a person.

Brand values:

- ideal value for money;
- professionalism of managers;
- efficiency of provided information;
- quality;
- individual approach and attentive attitude towards the consumer;
- readiness to seek solutions for any non-standard consumer requests, as well as interesting tours.

*Brand promotion* to the market with the use of communication channels.

In order for a travel company to become a leader not only in the local, but also in the international market, it is necessary:

1. To constantly monitor consumers, from focus groups and in-depth interviews to anthropological and other tests.
2. To conduct a survey on consumers satisfaction with the quality of provided services.
3. To create chats and forums devoted to different groups of consumers, and to carry out their constant monitoring.
4. To create a comfortable corporate climate in the office, where the Chief Executive, together with managers, will have the opportunity to participate in establishing contacts with their regular customers.
5. To employ creative workers who are ready to introduce new ideas.

To attract the attention of consumers, it is necessary to use the following means of communication:

1. Monthly creation and support of own site.
2. Development of business cards, brochures, flyers, booklets.
3. Promotional videos on terminals.
4. Advertising on television.
5. Outdoor advertising.
6. Contextual advertising.
7. Conducting presentations: emphasis on children's tours; student tours, etc.

Some advertising agencies offer a complete list of services, from online advertising to outdoor advertising. If a travel company is interested in purchasing a set of services, in this case, advertising agencies often offer discounts of 5 to 10 % (for example, an online advertising store Reklama-Online).

*Stage 4. Registration procedure of tourism enterprise brand elements:*

4.1. Class selection.

Before registering a brand, you need to determine which types of goods and/or services you need to register. All types of goods and services are grouped into 45 classes of the International Classification of Goods and Services (ICGS) [41]. It is important to correctly identify the class and take into account not only the current activities, but also the prospects for development. The list of service classes is given in Table 4.5.

**Table 4.5** Classes of services

No.	Class number	Service
1	Class 39	Transport; packaging and storage of goods; travel arrangement
2	Class 41	Education; providing of training; entertainment; sporting and cultural activities
3	Class 43	Services for providing food and drink; temporary accommodation
4	Class 45	Personal and social services rendered by others to meet the needs of individuals; security services for the protection of property and individuals

"Class 39 – Travel arrangement" belongs to the tourism enterprise services according to the classification, namely:

- transportation services;
- air transportation;
- travel (arrangement);
- travel (pre-booking);
- sea trips (arranging), etc.

4.2. Freedom-to-operate search.

Registration of brand attributes may be refused if such or a similar brand has already registered or submitted for registration. In this regard, a freedom-to-operate search is carried out. Standard search terms are 7 business days.

4.3. The term of brand registration.

Standard terms of brand registration are 12–18 months. In addition, there is an accelerated registration – 7–9 months or 4–4,5 months.

4.3.1. The first stage.

– Submission of an application. The applicant is given a priority for the sign according to which the right of ownership of the brand will be received by the person who applied for registration first.

- Payment of the state fee and fees for conducting the examination.

#### 4.3.2. The second stage.

– Conducting the examination. An application examination is carried out in the process of brand registration. This procedure is carried out by the structural unit of the executive body on intellectual property.

Examination of the application includes formal examination and qualifying examination. Formal examination determines the correctness of application content, payment, availability of all necessary documents attached to the application. After the formal examination, the applicant is sent a decision to accept the application for review. Then an examination of the claimed sign is carried out. The terms of this expert examination are not established by law. In this type of examination, the verification of the claimed brand is carried out on its identity and similarity to previously registered or claimed for registration brands, as well as verification of the absence of grounds provided for in the law that impede the brand registration.

- Making a decision on the application about:
  - brand registration (for all brand attributes listed in the application);
  - refusal of the registration;
  - brand registration in relation to a part of brand attributes listed in the application;
  - reasoned refusal to register a brand for the remaining part of brand attributes listed in the application;
- Payment of state fee and brand registration fees.

#### 4.3.3. The third stage.

- Obtaining a certificate of brand registration.

Brand registration in Ukraine is usually a long and complicated process. In order to successfully register the rights to a name, design, logo and/or slogan, the company will need not only financial resources, but also knowledge of jurisprudence in the field of intellectual property, in particular, regarding the brand attributes registration. In order to expedite the process of brand registration, the company may apply to a patent agency that can qualitatively fulfill this task.

There are a large number of patent agencies in Ukraine. Each patent agency specializes in providing a range of services related to the registration of brands and their components.

If a travel agency applies to a specialized patent agency for the brands registration, the process of forming relations for brand registration can be divided into 13 stages [41]:

1. The applicant completes and submits an application, which indicates his details (corporate style, logo, emblem, slogan, corporate identity, font, music, color scheme, name, list of goods and/or services, mathematical model, marketing strategies, positioning, image). The application is sending personally, by mail, by fax or E-mail.

2. The Agency (executive authority) registers the submitted application, calculates the costs of state brand registration and obtaining a certificate of Ukraine, draws up an agreement on registration and execution of works on legal protection of a brand.

3. The applicant submits the signed agreement to the agency, a power of attorney (by mail) and a image of the brand (by E-mail).

4. The applicant pays to the agency the advance payment stipulated by the contract and the state fee for registering the application and conducting the brand examination.

5. The agency carries out work on registration of documents for the state registration of a brand (within 2 – 3 days):

- analysis of the image of the brand (logo) submitted for registration in compliance with the terms of legal protection provided by current legislation, and its regional registration;
- classification of goods and services in accordance with the International Classification of Goods and Services;
- execution of a set of documents in accordance with current legislation;
- filing a personal application with registration of the date of its submission and receiving a receipt for its registration.

6. The relevant authority (Ukrpatent) conducts an examination of the application on a formal basis and issues the decision to register the application to the agency.

7. The agency accompanies the formal examination of the application and provide the relevant additional documents to the expert's requests.

8. The agency provides a decision to the applicant confirming the ownership of the applied designation (in accordance with Article 16 of the Law of Ukraine "On the Protection of Rights to Marks for Goods and Services").

9. Ukrpatent conducts a qualifying examination of the mark on the merits of the designation, which is applied for registration as a sign, and issues the decision on the registration of the mark in Ukraine to the agency (within at least seven months from the date of filing the application).

10. The agency accompanies the qualifying examination of the application and makes certain decisions or provides relevant additional documents to the expert's requests.

11. The applicant pays the agency fee for granting a Certificate on a brand for goods and services, as well as the state fee for granting the Certificate of Ukraine on the brand and the official fee for publication.

12. Ukrpatent carries out state registration of the brand, publishes information about the brand (on the official website) and grants the Certificate of Ukraine on the brand for goods and services (within three months).

13. The Agency delivers the Certificate of Ukraine on the brand for goods and services with a validity period of 10 years to the applicant and performs work on its legal support.

Data required for brand registration.

1. Identification of the applicant – the future owner of the brand.

The right to receive a certificate in accordance with the procedure established by this document has any person, association of persons or their successors. This means that an enterprise (legal entity), the founders of an enterprise (a group of individuals) or any individual can own a brand. The legal entity provides the requisites of the enterprise; an individual provides passport data.

2. Determination of the territory where the brand is valid.

The Certificate of Ukraine is valid only on the territory of Ukraine.

3. Determination of the scope of legal protection for the brand is:

– to determine the brand's audiovisual attributes (such designations can be, in particular, words, including proper names, letters, numbers, figurative elements, colors and color combinations, and any combination of the indicated designations; audio and video materials are provided in MP3 and MP4 formats respectively) and provide in electronic form;  
– to provide information about non-visual attributes (missions, concepts, media strategies, positioning, etc.).

*The period of application consideration.*

The legislation of Ukraine defines the periods of consideration of applications for brand registration. They are regulated as follows.

The applicant must pay the state fee and duty within 10 calendar days after filing the application.

The applicant receives an examination decision "On the determination of the filing date of the application" within 2 months after submitting the application. This is a priority document in which the application for brand registration is assigned to the number and priority date (application filing date). Brand rights begin to act directly from this date. Such a document gives the applicant the right to mark the claimed designation with the BR marking. The BR marking means that this brand is under review in the state examination and warns competitors and consumers about brand protection by the legislation of Ukraine.

Decision of the examination on the compliance of application materials for brand registration, as a result of formal examination, is issued in 12 – 16 months after the application.

Decision of the examination on brand registration and possibility of granting the Certificate of Ukraine on the brand for goods and services, as a result of a qualifying state examination, is received by the company in 18 – 24 months after application submission.

The applicant must pay the state fee and duty within 10 calendar days after receiving the decision.

Then, the procedure for entering the information about registered brand in the the State register of certificates of Ukraine of marks for goods and services is carried out within 2 – 4 months.

*Patent freedom-to-operate search (novelty of a brand).*

Patent freedom-to-operate (novelty of a brand) is determined by conducting a patent information search on the identity and similarity in the database:

- of the registered marks (trademarks) and brands in Ukraine;
- of the applications for marks (trademarks) and brands that are under consideration in the State patent examination.

This procedure is not mandatory, but it is recommended to determine the "novelty" of the brand, the feasibility of its registration and use.

*Transfer of ownership to the brand.*

1. In accordance with the Law of Ukraine "On the Protection of Rights to Marks for Goods and Services", the following paragraphs should be indicated [46]:

"The certificate owner may transfer, by an agreement, the property right to the mark to any person fully or with respect to a part of the goods and services listed in the certificate".

"The certificate owner has the right to grant a permission (license) to use the mark to any person by a licensing agreement".

"The certificate owner has the right to put a precautionary marking alongside of the mark that indicates that the mark is registered in Ukraine".

*Functions of a registered brand.*

The registered brand performs the following functions:

- affects the company image formation;
- fixes the distinctive features of the goods or services produced by the enterprise;
- gives name to goods or services;
- allows the consumer to recognize and memorize products or services;
- informs the consumer about the goods and services of the enterprise;
- stimulates the desire to buy goods or services;
- symbolizes a guarantee of the quality of goods or services.

Three main brand functions are defined:

– *Distinctive function* – the brand is used to fix the distinctive features of the goods or services produced by the enterprise. The brand gives the name of the goods or services that the company produces and sells.

– *Warranty function* – the brand is intended to be a guarantee of the quality of goods or services produced by the enterprise. For consumers, a mark serves as a kind of guide in the market labyrinth, which draws attention specifically to this product or service, and at the same time the brand becomes a guarantor of the promised quality.

– *Advertising function* – the brand should allow the consumer to recognize and remember products or services, as well as stimulate the desire to buy exactly your products or services.



Thus, at least three factors should be the key to a successful brand of a travel company:

1. The brand should be easily remembered and cause positive associations with the products and services offered by the tourist enterprise. Such a problem is solved, as a rule, through the brand creation and development of a logo, corporate slogan and style, etc.

2. The company as the owner of the brand should skillfully use it in marketing activities, in particular, during the advertising campaign. After all, own brand is an important element of recognition of a product or service and consumer loyalty to them.

3. The components of the brand should be duly registered. Tourist companies do not always turn to professionals, developing brand attributes. On the one hand, this may lead to the fact that the brand will not cause positive consumer associations and will not be remembered for some reason; on the other hand, excessive resemblance with the existing brand is possible, because thousands of tourist enterprises operate in Ukraine, and, for example, such words, as "tour" or "travel", are most commonly encountered when analyzing brand naming. Therefore, it is very important for a tourism enterprise to turn to professional companies to create unique names, logos and slogans. This will minimize the possible coincidence of giving names. Sometimes, having developed their own brand, some tourism companies begin to use it before applying for registration, which is not always justified.

Thus, tourist enterprise brand registration is the third main element of the prospects of its use. It is quite possible that in the future the brand will become the property of this tourist enterprise.

## **4.5 Facilitation of small business development in the context of nation brand building**

The purpose of the nation brand is to create and present a positive international image of the country, such as one that has a unique potential in the field of production of goods and services, cultural traditions, natural and recreational resources, educational and scientific potential. The country brand forms and maintains its investment attractiveness. As of 2018, Ukraine is in 60th place in the global ranking of nation brands, which is 1 position lower than the result of 2017 [50]. In the process of nation branding, the key role is played by the state and the government, in particular, the state should promote, encourage and monitor the realization of national interests and commercial goals of business entities. Facilitation of entrepreneurship development is one of the criteria for nation brand formation. State facilitation of small business development is extremely important in the process nation brand formation, despite the fact that the subjects of national small

business accounted for 99.13 % of all business entities in Ukraine in 2017 (including 322920 small enterprises and 1466486 individual entrepreneurs, as small businesses) [44].

The need to support small businesses (SBs) worldwide is considered the responsibility of the state because they are inferior to large enterprises in terms of modernization possibilities, marketing research, financial resources, competitiveness of goods and services, etc. Facilitation of small businesses is carried out in order to increase the potential of small businesses, increase their innovative activity, social responsibility to society, efficiency and effectiveness of their economic activity, which, in turn, is the key to improving the macroeconomic situation in the country and one of the viable opportunities for economic development. *State facilitation of small businesses development* is the promotion of the state in the development of entrepreneurial activity by providing financial, informational and consulting support to business entities, stimulating innovation and minimizing business risks.

The team of scientists consisting of Lutz Laschewski, Jeremy Phillipson and Matthew Gorton discloses the role of the state in facilitation of small businesses networks in the "The facilitation and formalisation of small business networks: evidence from the North East of England" [77], underlining that the state can act as the main financial facilitator in the process of development and support of small businesses and their networks. Governments around the world offer facilitation services for the business community. In particular, the Australian government is implementing a state program for entrepreneurs that aims to increase the competitiveness and productivity of business and is part of the national program of innovation and science [43]. The program offers support to entrepreneurs in four areas:

- acceleration of commercialization (assistance to the SMEs, as well as researchers in commercialization of new products, services, processes);
- business management (assistance of business consultants and facilitators to entrepreneurs, which consists in a detailed analysis of business operations, strategies, growth opportunities, supply chains, etc., and providing on the business improvement strategy and their practical implementation);
- support for incubators (helping new and existing business incubators improve the prospects for Australian startups in achieving commercial success on international markets, promoting the development of their business opportunities);
- innovative links formation (experienced innovative facilitators are involved in order to identify gaps in knowledge that do not allow to effectively develop a business and form a report on the facilitation of innovation).

Practical government support for small businesses involves attracting experts with relevant business experience, joint financing of grants for the

commercialization of new products, financing in order to maximize opportunities for growth, provide conditions for effective business communication and cooperation.

The Small Business Administration (SBA) is studying the role of the state in facilitating innovation in small businesses [51]. In particular, established studies have found that there is a relationship between the number of registered patents per employee and the size of a company, namely: the larger the scale of economic activity and the number of employees, the fewer registered patents per employee, that is, the share of breakthrough innovations is higher among small businesses. It is noted that the company, which employs 25 workers, generates more patents per employee than a company with 50 employees, which in turn produces more patents than a business entity that employs 100. This trend continues for large enterprises. Corporations with 10 000 employees file more patents per employee than companies with 50 000 people. The invention and introduction of innovations by small businesses is faster due to simplicity of the management structure, fewer management levels, accelerated passage of information, and the lower level of bureaucratization. This leads to the fact that small businesses in the United States now have disproportionately large numbers of patents on the latest technology. The US Small Business Administration shows that while small businesses account for only 8 % of all patents, they hold 24 % of the patents that are included in 100 best new technologies, focusing on rather specific innovations and maximum profitability. The technologies most often associated with the issuance of patents for inventions to small businesses are: tele and Internet communications; diagnostics, surgery, medical instruments; biotechnology; pharmaceuticals; power systems.

The Small Business Administration lists the measures that the government should take to support and enhance innovation in small businesses:

- stimulating risk capital<sup>4</sup>, defining policies (for example, reducing capital gains taxes) and government programs (for example, private sector funding programs by the US government, such as SBIR<sup>5</sup>) to ensure the availability of risk capital;

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4 Risk capital is usually long-term investments that are invested in securities or in relatively high-risk business entities that use innovative technology and products in their business and expect extremely high returns.

5 The Small Business Innovation Research (SBIR) program, which encourages American small businesses to engage in federal research and development with potential for commercialization. SBIR focuses on the business sector, because more innovations and innovators are emerging there. Since the risk and costs of research in the field of R&D are often beyond the scope of small businesses. The program provides a certain percentage of federal funds for making small businesses easier by allowing them to compete with large enterprises by encouraging the commercialization of technologies, products or services and thereby simulating the country's economy. The program has been implemented since 1982 [40].

- stimulating small and large businesses to joint innovation: creating tax incentives and stimulating intellectual property for large enterprises in order to invest and support small business innovations;
- encouraging entrepreneurs to invest in R&D, eliminating anti-incentives such as AMT<sup>6</sup> imposed by the US government;
- creation of levers of influence on innovation programs, introduction of incentives (bureaucracy level reduction, targeted investments in infrastructure, incentives for hiring, training, etc.) for investing in widespread areas and forming ecosystem of participants (universities, investors, entrepreneurs, large enterprises);
- preparation of graduates for a creative innovative economy, provision of innovative training in the context of each topic in the learning process.

According to the information document prepared by the European Research Center for Information Systems, the state policy of business development, in particular small business, has differences in the developed countries of the world (Table 4.6).

State support of small business in Ukraine and infrastructure of small business support includes financial, informational and consulting support, including support in the field of innovation, science and industrial production, support of small businesses engaged in export activities, support in the field of training, retraining and advanced training of managerial and business personnel [26]. State financial support of small businesses is provided by the state and local budgets.

The main types of state financial support of small businesses in Ukraine are:

- partial compensation of rates on loans for small businesses projects implementation, leasing, factoring payments and payments for use of guarantees;
- provision of guarantees on loans of small businesses;
- provision of loans, incl. microloans for starting and doing your own business;
- compensation of expenses for development of cooperation between small businesses and large enterprises;
- provision of loans for acquisition and introduction of new technologies;
- financial support for introduction of energy-saving and environmentally friendly technologies. Also, small businesses in Ukraine have the right to apply simplified financial reporting and simplified taxation system. This facilitates accounting and tax accounting, reduces the

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<sup>6</sup> The alternative minimum tax (AMT) is an alternative minimum tax, which is an additional income tax imposed by the US federal government. AMT is paid by individuals and business entities, which, as a result of exceptional circumstances, are allowed to pay a standard income tax of a smaller size.

number of forms of reporting submitted to the State Fiscal Service, and deprives the business entity of the need to use the services of a professional accountant, which, in turn, allows them to save on labor costs. In most cases, it is possible to avoid the use of payment transactions recorders (PTR).

**Table 4.6** Features of state policy of small business development in the countries of the world

No.	Country	State policy of small business development	Public authorities responsible for the development and support of small businesses
1	2	3	4
1	Poland	<ul style="list-style-type: none"> <li>– simplification of administrative procedures and reduction of administrative burdens;</li> <li>– increase the availability of external sources of funding;</li> <li>– export promotion and increase of innovativeness of enterprises</li> </ul>	Ministry of Economy, PARP (Polish Agency for Enterprise Development; Polskiej Agencji Rozwoju Przedsiębiorczości), subordinate to the Minister for Economic Affairs. The tasks of the Agency are the management of funds from the state budget and the European Union. PARP is initiating the creation of a network of regional centers for the promotion of small and medium-sized enterprises, a general Polish system of services for small and medium-sized enterprises
2	France	<ul style="list-style-type: none"> <li>– simplification of the procedure for creating new enterprises and infrastructure for their work;</li> <li>– assistance to more intensive financing of operating small enterprises;</li> <li>– tax incentives for investing in small business development;</li> <li>– training of qualified management personnel for small businesses.</li> </ul>	Ministry of Small and Medium Enterprises, Commerce and Crafts

Continuation of Table 4.6

1	2	3	4
3	Germany	<ul style="list-style-type: none"> <li>– provision of conditions for the growth and development of the “middle class”;</li> <li>– increasing the interest of young people in entrepreneurial activity;</li> <li>– creation of an educational base at higher and secondary educational establishments for the training and practical training of young people for active entrepreneurial activity;</li> <li>– increasing the financial assistance and technical assistance to start-ups;</li> <li>– reduction of bureaucratic barriers;</li> <li>– stimulating the business innovation potential of small businesses through the preferential use of indirect support measures.</li> </ul>	<p>Authorities at the federal level, federal states, city and states districts.</p> <p>Important small business support functions have been transferred to public law institutes, including specialized banks and chambers of commerce and industry</p>
4	United Kingdom	<ul style="list-style-type: none"> <li>– increase of export opportunities;</li> <li>– assistance in technology transfer;</li> <li>– increase of competitiveness of domestic business products in comparison with imports;</li> <li>– improving access to long-term loans for reconstruction, equipment purchase, production of new goods and services;</li> <li>– dissemination of information about programs aimed at increasing the competitiveness of small enterprises;</li> <li>– providing analysis and representing the interests of small enterprises at trade negotiations;</li> <li>– raising awareness among small businesses of existing support, including alternative dispute resolution providers as well as appropriate sector ombudsmen and other appropriate regulators;</li> <li>– encouraging larger businesses to improve their payment practices regarding their small suppliers;</li> <li>– helping small businesses resolve payment disputes in ways that preserve business relationships</li> </ul>	<p>Department for Business, Energy and Industrial Strategy, the Small Business Commissioner (SBC). The SBC was created to ensure fair payment practices for small businesses, and support them in resolving their payment disputes with larger businesses [82]</p>

Continuation of Table 4.6

1	2	3	4
5	United States	The mechanisms of state policy in the field of small business development are formed in accordance with the tasks that the state sets itself in line with the stage of economic development	The Small Business Administration (SBA), which has numerous regional offices that interact with the Entrepreneurship Development Centers (created with universities or administrations). The main functions of the SBA are: provision the access to small and medium-sized enterprises to financial resources; provision of informational, educational and consulting services; provision the access to the execution of state orders; protection of the interests of small enterprises
6	Japan	One of the priority directions of the state policy regarding small business is the constant evaluation of their effectiveness by diagnosing the state of development of small business	Agency of the Ministry of Economy, Trade and Industry. The country has four-tier small business support system: central government, local authorities, big business and independent associations of small businesses

*Source: Compiled according to [27, 82]*

However, it is worthwhile to note that in Ukraine due attention is still not paid to the small business. In fact clear concept has not been developed. The program of development and state regulation and support of this organizational form of entity has not been thoroughly substantiated.

Effective development of small business is possible only by joining and combining various forms and methods of state regulation and support, among which the following can be distinguished:

- state support for production and sales of products, namely: provision of state orders, equipment for leasing on preferential terms, customs privileges, promotion of export of goods and services to international markets, reduction of rental rates;
- financial and credit support: provision of direct guaranteed loans for development and expansion of activities, development of preferential lending programs, reduction the rates on loans, state guarantees in loans obtaining, targeted subsidies and budget financing of economic sectors in accordance with the priorities of state economic policy;
- favorable tax policy: preferential taxation of economic activity and reduction of tax burden of small businesses;
- information and consulting support for creation and development of small businesses, training of specialists and advanced training of employees at the expense of state funds, free qualified consultancy of entrepreneurs.

In order to stimulate the small businesses development, different forms of their state support are used in world practice, including alternatives to financial and credit support. The financial and credit regulation of small business primarily consists in provision the direct guaranteed loans for development and expansion of activities, development and implementation of preferential lending programs, reduction the rates on loans, provision the state guarantees in obtaining loans, targeted subsidization and budget financing of economic sectors in accordance with priorities of state economic policy.

The generalization of world experience of state regulation and support of small business has made it possible to determine the priority sources of financing of economic activity of small businesses, the list of which includes:

- provision of state subsidies;
- state financial support for innovative technologies introduction;
- exemption from taxes, preferential taxation;
- financing of training and advanced training of employees engaged in small business at the expense of state funds.

The foregoing is confirmed by the legislatively defined forms of financial and credit support of economic activity of small businesses in different countries of the world (Table 4.7).

Particular attention is paid to Switzerland's experience in regulating small businesses. It consists in policy of neutrality and non-interference of the state in small businesses activities, as well as in creation of general favorable conditions in the country for carrying out business activities.

One of the directions of small business state facilitation is the development and improvement of regulatory framework that regulates the economic activities of small businesses, in particular, contributes to the formation of an effective national strategy for its development. It should



be noted that positive changes are observed in the direction of determining the strategic priorities of the national small business in Ukraine. This ensures a path to sustainable socio-economic development not only for this stratum of economic entities, but also for country economy as a whole. "Strategy for Small and Medium-sized Enterprise Development in Ukraine until 2020" was approved by the Instruction of the CMU No. 504-p, dated May 24, 2017 [49]. The Strategy was developed taking into account the basic provisions of existing regulatory acts listed in Fig. 4.26.

**Table 4.7** Forms of state financial and credit support of small businesses

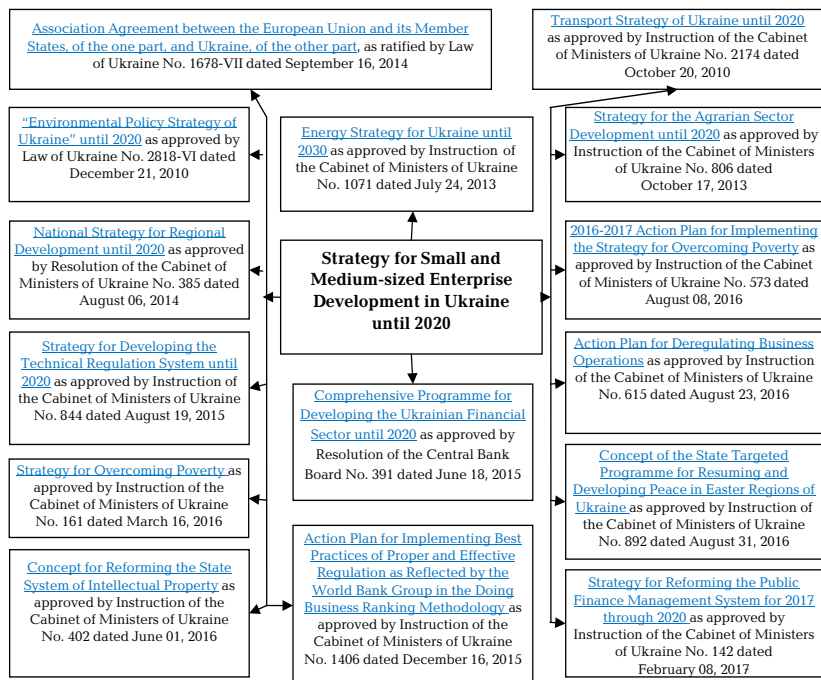
No.	Country	Legally defined forms of financial and credit support
1	2	3
1	Ukraine	<ul style="list-style-type: none"> <li>– partial compensation of rates on loans for small businesses projects implementation, leasing, factoring payments and payments for use of guarantees;</li> <li>– provision of loans for starting and doing own business;</li> <li>– provision of loans for acquisition and introduction of new technologies;</li> <li>– financial support for introduction of energy-saving and environmentally friendly technologies;</li> <li>– possibility of using simplified financial statements and simplified taxation system</li> </ul>
2	Spain	<ul style="list-style-type: none"> <li>– state provision of financial support to the small businesses in case of own funds lack</li> </ul>
3	France	<ul style="list-style-type: none"> <li>– exemption of newly created small businesses for 3 years from paying taxes;</li> <li>– possibility of delaying the payment of a number of taxes in case of temporary financial difficulties;</li> <li>– reduction of tax rates on investments by 40 – 50 % to stimulate the introduction of energy-saving technologies by small businesses;</li> <li>– professional development of managerial staff of small businesses at the expense of state funds</li> </ul>
4	Japan	<ul style="list-style-type: none"> <li>– provision of government subsidies and loans;</li> <li>– training of specialists at the expense of state funds;</li> <li>– free qualification counseling of entrepreneurs;</li> <li>– provision of tax privileges</li> </ul>

Continuation of Table 4.7

1	2	3
5	India	<ul style="list-style-type: none"> <li>– provision of tax and customs privileges, subsidies;</li> <li>– reduction of rental rates;</li> <li>– concessional financing</li> </ul>
6	United Kingdom	<ul style="list-style-type: none"> <li>– reduction of the income tax rate to 27 %*;</li> <li>– reduction of the tax on investments in new spheres of small business, especially with a high risk;</li> <li>– provision of tax discounts;</li> <li>– reduction of all personal income tax rates;</li> <li>– financial support for entrepreneurship in crisis regions</li> </ul>
7	Singapore	<ul style="list-style-type: none"> <li>– privileges in taxation (especially in the first years of economic activity);</li> <li>– constant reduction of interest on loans granted to small businesses;</li> <li>– a large number of concessional lending programs;</li> <li>– state financing of training and advanced training of employees engaged in small business</li> </ul>
8.	Canada	<ul style="list-style-type: none"> <li>– loans obtaining on favorable terms, provided that the type of economic activity is useful to Canadian society;</li> <li>– financing of high-quality projects in the field of small business;</li> <li>– implementation of financial support programs for small entrepreneurs in the provinces, creation of innovation parks, information business centers and business incubators</li> </ul>
9	United States	<ul style="list-style-type: none"> <li>– implementation of lending programs for small businesses: working capital replenishment, acquisition of land, property or equipment and microlending, where the Small Business Administration acts as a state guarantor to the bank;</li> <li>– gradual reduction of tax rates and reduction of progressive tax penalties, a wide range of application of tax privileges**</li> </ul>

\* The standard income tax rate is 35 %; \*\* – In the United States there are privileged tax rates on incomes up to 16 thousand dollars, 15 % – the tax on the first 50 thousand dollars, and 25 % – on the next 25 thousand dollars. Above this amount there is a maximum rate of 34 %. There is also a progressive taxation of profits: up to 25 thousand dollars – 15 %; 25–30 thousand dollars – 18 %; 50–75 thousand dollars – 30 %; 75–100 thousand dollars – 40 %. Thus, a separate approach to small business is implemented on the principle that the smaller the enterprise, the greater the tax privileges.

**Source:** Compiled according to [26, 52]



**Fig. 4.26** The basis for the development of the Strategy for Small and Medium-sized Enterprise Development in Ukraine.

*Source: Developed by the authors*

The foregoing proves the key role of the state in the process of nation brand formation and the need for state facilitation of small business development as a priority, the most massive but underestimated layer of business entities.

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